92-35

Supreme Court, U.S.
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No.

IN THE SUPREME COURT OF THE UNITED STATES

October Term, 1991

THE SCOTCH WHISKY ASSOCIATION, *Petitioner,*

v.

MAJESTIC DISTILLING COMPANY, INC.,
d/b/a, MONUMENTAL DISTILLING COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the Court of Appeals erred in reversing the district court and in adopting a new test for awarding attorney fees in "exceptional cases" to a prevailing defendant under Section 35(a) of the United States Trademark Act (15 U.S.C. § 1117(a)), which new test does not require a finding of bad faith or like conduct by plaintiff?

2. Whether the Court of Appeals erred by failing to follow the controlling procedural and substantive law in affirming the grant of summary judgment against the petitioner's unfair competition claims when there are genuine issues of material fact regarding likelihood of geographic source confusion resulting from respondent's use of the BLACK WATCH trademark and trade dress for whiskey and other spirits not produced in Scotland?

3. Whether the Court of Appeals erred in construing the scope of the International Convention for the Protection of Industrial Property of 1883 (Paris) as limited to those rights otherwise conferred by the United States Trademark Act?*

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* The Association respectfully reserves the right to argue the following additional question in the event that the writ is granted on the above identified questions, but it does not include the question among the reasons for granting the writ:

> 4. Whether the Court of Appeals erred in ruling that it lacked subject matter jurisdiction to review the decision of the United States District Court for the Northern District of Illinois holding venue to be improper in that district when respondent seeks a punitive award from the United States District Court for the District of Maryland based upon such decision even though such award had been denied by the former district court?

LIST OF PARTIES AND RULE 29.1 STATEMENT

The parties to the proceedings before the Court of Appeals were the petitioner, The Scotch Whisky Association ("the Association"), and respondent, Majestic Distilling Company, Inc., doing business as Monumental Distilling Company. In addition, Major General Andrew Linton Watson, C.B., as Colonel of the Regiment and as Chairman of the Regimental Trustees of the Regimental Trust Fund of The Black Watch, The Royal Highland Regiment ("General Watson"), appeared as a party plaintiff, and Valley Liquors, Inc. ("Valley Liquors") appeared as a party defendant, before the District Court.* General Watson's claims against Majestic remain pending before the District Court; Valley Liquors was dismissed upon the filing of a petition for bankruptcy. Neither General Watson, nor Valley Liquors, appeared as a party before the Fourth Circuit.

The Association has no parent or subsidiary companies to list pursuant to Rule 29.1.

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* Valley Liquors, appeared in the Northern District of Illinois, but not in the District of Maryland. *See*, 1 Joint Appendix to the Fourth Circuit Briefs at 33-34 (reported at 681 F. Supp. 1297).

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED FOR REVIEW	i
LIST OF PARTIES AND RULE 29.1 STATEMENT	ii
OPINIONS BELOW	1
JURISDICTION	2
STATEMENT OF THE CASE	3
I. The Scotch Whisky Association And Its Interests In This Action	3
II. The Black Watch, The Royal Highland Regiment, And Its Strong Scottish Connotation	3
III. Majestic And Its Unfair and Deceptive Acts	5
IV. Procedural History	6
A. *Administrative Proceedings*	6
B. *Civil Action*	7
C. *Appeal*	9
REASONS FOR GRANTING THE WRIT	11
I. The Fourth Circuit's Test For Awarding Attorney Fees Under The Trademark Act Conflicts With Decisions of At Least Nine Other Circuits And With This Court's Own Authority Regarding The Rules Of Statutory Construction	11
A. *The Fourth Circuit's Test For Awarding Attorney Fees Under The Trademark Act Contravenes Almost Uniformly Accepted Law Requiring Bad Faith Or Like Conduct*	11
B. *The Fourth Circuit's Test For Awarding Attorney Fees Under The Trademark Act Contravenes The Clear Congressional Intent*	14

	Page
II. The Fourth Circuit's Decision Affirming The Grant Of Summary Judgment Against The Association's Unfair Competition Claims Violates The Federal Rules Of Civil Procedure And Decisions Of This Court, And Also Conflicts With Decisions Of Other Circuits Regarding The Law Of Unfair Competition	17
III. The Fourth Circuit's Restrictive Interpretation Of The Paris Union Convention Conflicts With Decisions Of Other Circuits And With This Court's Own Authority Regarding The Rules Of Statutory And Treaty Construction	25
CONCLUSION	30
APPENDIX TO PETITION	
Opinion of the Court of Appeals for the Fourth Circuit (March 4, 1992)	1a
Memorandum And Order of the District Court for the District of Maryland (February 13, 1991)	17a
Memorandum And Order of the District Court for the District of Maryland (December 20, 1990)	19a
Memorandum and Order of the Trademark Trial and Appeal Board (September 3, 1987)	40a
Memorandum And Order of the Trademark Trial and Appeal Board (September 2, 1987)	50a
Order of the Court of Appeals for the Fourth Circuit denying Petition for Rehearing With Suggestion for Rehearing en Banc (March 31, 1992)	60a
Judgment Under Rule 54(b) of the District Court of Maryland (February 13, 1991)	62a
Treaties, Statutes, Rules and Regulations Involved	64a
Regimental Badge of The Black Watch, The Royal Highland Regiment	69a

	Page
BLACK WATCH Scotch Whisky Label	71a
BLACK WATCH Deluxe Blended Whiskey Label	73a
BLACK WATCH Gin Label	75a
BLACK WATCH Vodka Label	77a

TABLE OF AUTHORITIES

CASES **Page**

In re Abcor Development Corp., 588 F.2d 811 (C.C.P.A. 1978) 21

Academy of Motion Picture Arts & Sciences v. Creative House Promotions, 944 F.2d 1446 (9th Cir. 1991) ...12 & 16

ALPO Petfoods, Inc. v. Ralston Purina Co., 913 F.2d 958 (D.C. Cir. 1990) 13

Anderson v. Liberty Lobby, 477 U.S. 242 (1986) .....17 & 18

Anheuser-Busch Inc. v. L&L Wings, Inc., 22 U.S.P.Q.2d 1502 (4th Cir. 1992) ..... 18, 19 & 23

Arbrook, Inc. v. American Hospital Supply Corp., 645 F.2d 273 (5th Cir. 1981) 16

Bacardi Corp. v. Domenech, 311 U.S. 150 (1940) .....29 & 30

Bandag, Inc. v. Al Bolser's Tire Stores, 750 F.2d 903 (Fed. Cir. 1984) 14

Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920 (10th Cir. 1986) .....23 & 24

Brunswick Corp. v. Vineberg, 370 F.2d 605 (5th Cir. 1967) 25

Cambridge Products v. Penn Nutrients, 22 U.S.P.Q.2d 1577 (Fed. Cir. 1992) 15-16

Celotex Corp. v. Catrett, 477 U.S. 317 (1986) 25

Chevron Chemical Co. v. Voluntary Purchasing Groups, 659 F.2d 695 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126 (1982) 24

Colortronic Reinhard & Co. v. Plastic Controls, 668 F.2d 1 (1st Cir. 1981) 16

Davidoff Extension, S.A. v. Davidoff International, Inc., 612 F. Supp. 4 (S.D. Fla. 1984), *aff'd without op.*, 774 F.2d 1178 (11th Cir. 1985), *cert. denied*, 475 U.S. 1122 (1986) 27

TABLE OF AUTHORITIES — (Continued)

CASES	Page
Digitronics Corp. v. New York Racing Association, 553 F.2d 740 (2d Cir.), *cert. denied*, 434 U.S. 860 (1977)	16
Falcon Rice Mill v. Community Rice Mill, 725 F.2d 336 (5th Cir. 1984)	16
Ferrero U.S.A., Inc. v. Ozak Trading, 952 F.2d 44 (3d Cir. 1991)	13
Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963)	23
Fleischmann Distilling Corp. v. Maier Brewing Co., 386 U.S. 714 (1967)	11-12 & 14
Ford v. Temple Hospital, 790 F.2d 342 (3d Cir. 1986)	15
Frisch's Restaurants v. Elby's Big Boy, 849 F.2d 1012 (6th Cir. 1988)	12
Gimix, Inc. v. JS&A Group, 699 F.2d 901 (7th Cir. 1983)	20
Hairline Creations v. Kefalas, 664 F.2d 652 (7th Cir. 1981)	13
Hartman v. Hallmark Cards, Inc., 833 F.2d 117 (8th Cir. 1987)	12 & 13
Hennebique Const. Co. v. Myers, 172 F. 869 (3d Cir. 1909)	27
Inwood Laboratories v. Ives Laboratories, 456 U.S. 844 (1982)	16
M. Kramer Manufacturing Co. v. Andrews, 783 F.2d 421 (4th Cir. 1986)	22
Marker Int'l v. DeBruler, 844 F.2d 763 (10th Cir.) (rehearing denied), *cert. denied*, 488 U.S. 927 (1988)	22
Master, Wardens, Searchers, Assistants and Commonalty of Co. of Cutlers in Hallamshire, York County v. Cribben & Sexton Co., 202 F.2d 779 (C.C.P.A. 1953)	27
Motown Productions, Inc. v. Cacomm, Inc., 849 F.2d 781 (2d Cir. 1988)	12

TABLE OF AUTHORITIES — (Continued)

CASES	Page
Northcross v. Board of Ed., 412 U.S. 427 (1973)	15
In re Northland Aluminum Products, 777 F.2d 1556 (Fed. Cir. 1985)	19
Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant, 771 F.2d 521 (D.C. Cir. 1985) (rehearing en banc denied)	13 & 15
Olde Tyme Foods v. Roundy's, Inc., 961 F.2d 200 (Fed. Cir. 1992)	20 & 24
Oliveri v. Thompson, 803 F.2d 1265 (2d Cir. 1986), *cert. denied,* 480 U.S. 918 (1987)	15
Oscar Mayer & Co. v. Evans, 441 U.S. 750 (1979)	15
Osem Food Industries v. Sherwood Foods, 917 F.2d 161 (4th Cir. 1990) (rehearing en banc denied)	23
Poller v. Columbia Broadcasting System, 368 U.S. 464 (1962)	17-18
Post Office v. Portec, Inc., 913 F.2d 802 (10th Cir. 1990), *vacated on other grounds,* 111 S.Ct. 1299 (1991)	12
Processed Plastic Co. v. Warner Communications, 675 F.2d 852 (7th Cir. 1982)	23
Roth v. Pritikin, 787 F.2d 54 (2d Cir. 1986)	16 & 17
SCM Corp. v. Langis Foods, 539 F.2d 196 (D.C. Cir. 1976)	27
Safeway Stores v. Safeway Discount Drugs, 675 F.2d 1160 (11th Cir. 1982)	12
Schroeder v. Lotito, 747 F.2d 801 (1st Cir. 1984)	13
The Scotch Whisky Association v. Barton Distilling Co., 338 F.Supp. 595 (N.D. Ill. 1971), *modified,* 489 F.2d 809 (7th Cir. 1973)	3
The Scotch Whisky Association v. Consolidated Distilled Products, 210 U.S.P.Q. 639 (N.D. Ill. 1981)	3

TABLE OF AUTHORITIES — (Continued)

CASES	Page
The Scotch Whisky Association v. U.S. Distilled Products Co., 952 F.2d 1317 (Fed. Cir. 1991), *rev'g*, 18 U.S.P.Q.2d 1391 (T.T.A.B.)	7
Scott Paper Co. v. Fort Howard Paper Co., 432 F.2d 1198 (7th Cir. 1970), *cert. denied*, 401 U.S. 913 (1971)	16
Standard Oil Co. v. American Cyanamid Co., 774 F.2d 448 (Fed. Cir. 1985)	16
Standard Terry Mills v. Shen Manufacturing Co., 803 F.2d 778 (3d Cir. 1986)	12
Sun-Fun Products v. Suntan Research & Development, 656 F.2d 186 (5th Cir. 1981)	23
Texas Pig Stands v. Hard Rock Cafe International, 951 F.2d 684 (5th Cir. 1992)	13
Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788 (9th Cir. 1981)	27
Trans World Airlines v. Thurston, 469 U.S. 111 (1985)	15
U-Haul International v. Jartran, Inc., 793 F.2d 1034 (9th Cir. 1986)	12
Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976)	25
United States v. Menasche, 348 U.S. 528 (1955)	27-28
United States v. Nordic Village, Inc., 112 S. Ct. 1011(1992)	28
United States v. Ron Pair Enterprises, 489 U.S. 235 (1989)	26
Vanity Fair Mills v. T. Eaton Co., 234 F.2d 633 (2d Cir.), *cert. denied*, 352 U.S. 871, *reh'g denied*, 352 U.S. 913 (1956)	27

TABLE OF AUTHORITIES — (Continued)

Page

TREATIES, STATUTES, LEGISLATIVE HISTORY, RULES AND REGULATIONS

Paris Union Convention, Art. 2 28

Paris Union Convention, Art. 10 28-29

Paris Union Convention, Art. 10*bis* ..... 28-29 & 30

15 U.S.C. § 1071(b)(1) 7

15 U.S.C. § 1117(a) ..... 2, 9, 10, 11, 12, 13, 14 & 15

15 U.S.C. § 1121 7

15 U.S.C. § 1125(a) ..... 18, 29 & 30

15 U.S.C. § 1126(b) ..... 26, 27, 28 & 29

15 U.S.C. § 1126(h) ..... 26, 27, 29 & 30

15 U.S.C. § 1126(i) 28

15 U.S.C. § 1127 26

17 U.S.C. § 505 16

28 U.S.C. § 1228(a) 7

28 U.S.C. § 1254(1) 2

28 U.S.C. § 1295(a)(1) 16

28 U.S.C. § 1332(a) 7

28 U.S.C. § 1338(b) 8

35 U.S.C. § 285 15

Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the House Committee on Patents, 76th Cong., 1st Sess. (1939) 28

S. Rep. No. 1400, 93rd Cong., 2nd Sess., *reprinted in* 1974 U.S. Code Cong. & Admin. News 7132 14-15

The Trademark Counterfeiting Act of 1984, S. Rep. No. 526, 98th Cong., 2d Sess. (1984) 16

Fed.R.Civ.P. 11 9

Fed.R.Civ.P. 54(b) 9

Fed.R.Civ.P. 56 ..... 17 & 25

27 C.F.R. § 5.22(k)(4) 21

TABLE OF AUTHORITIES — (Continued)

Page

TREATISES AND ARTICLES

S. Ladas, *Patents, Trademarks, and Related Rights: National And International Protection* (1975) .....28 & 29

Wolf, *Effective Protection Against Unfair Competition Under Section 44 of the Lanham Act*, 82 Trademark Rep. 33 (1992) .....28 & 30

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v.

MAJESTIC DISTILLING COMPANY, INC.,
d/b/a, MONUMENTAL DISTILLING COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

The petitioner, The Scotch Whisky Association ("the Association"), respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Fourth Circuit, entered in the above entitled proceeding on March 4, 1992.

OPINIONS BELOW

The opinion of the Court of Appeals for the Fourth Circuit is reported at 958 F.2d 594, and is reprinted in the Appendix hereto *infra*, at 1a.

The relevant memorandum opinions and judgment of the United States District Court for the District of Maryland have not been reported, but have been reprinted

in the Appendix hereto *infra*, at 15a, 19a and 62a respectively.

The relevant memorandum opinions of the Trademark Trial and Appeal Board of the United States Patent and Trademark Office have not been reported, but have been reprinted in the Appendix hereto, *infra*, at 40a and 50a respectively.

JURISDICTION

On March 4, 1992, the Fourth Circuit entered a judgment and opinion affirming the district court's grant of summary judgment against the Association's unfair competition claims involving use by respondent, Majestic Distilling Company, Inc., doing business as Monumental Distilling Company ("Majestic"), of its BLACK WATCH trademark and trade dress for non-Scottish distilled spirits, and reversing the district court's denial of Majestic's motion for an award of its attorney fees under Section 35(a) of the United States Trademark Act (15 U.S.C. § 1117(a)) with instruction to rehear such motion upon remand using a new test for allowing such awards to a prevailing defendant. The Association filed a petition for rehearing and a suggestion for rehearing en banc on March 18, 1992, both of which were denied on March 31, 1992. On April 10, 1992, the Fourth Circuit issued a stay of the issuance of its mandate pending the timely filing of this petition. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).[1]

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[1] The relevant provisions of the treaties, statutes, rules and regulations to be construed are reproduced in the Appendix to Petition at 64a (hereinafter "App.").

STATEMENT OF THE CASE

I. The Scotch Whisky Association And Its Interests In This Action

The Association, a Scottish limited liability company, is an independent trade association organized and existing for the purpose of promoting the interests of, and the trade in, whisky produced in Scotland. 2 Joint Appendix to Fourth Circuit Briefs at 938 (hereinafter "J.A."). Whisky produced in Scotland enjoys a substantial prestige and salability, and is considered a quality product throughout much of the world, including the United States, where it is known as Scotch Whisky. 4 J.A. at 1883-84.

To protect the interests of its members, the consuming public and the trade, the Association acts to prevent unfair, misleading and deceptive marketing of whisky and related goods. *See* 2 J.A. at 938. The Association repeatedly has acted to protect the trade and the public in the United States from goods mislabelled as Scotch Whisky or employing misleading or deceptive Scottish *indicia* of origin, such as respondent's BLACK WATCH trademark and trade dress, and the Association's standing to take such action is widely recognized. *See, e.g., The Scotch Whisky Association v. Barton Distilling Co.*, 338 F.Supp. 595 (N.D. Ill. 1971), *modified*, 489 F.2d 809 (7th Cir. 1973); *The Scotch Whisky Association v. Consolidated Distilled Products*, 210 U.S.P.Q. 639 (N.D. Ill. 1981).

II. The Black Watch, The Royal Highland Regiment, And Its Strong Scottish Connotation

The Black Watch, The Royal Highland Regiment (hereinafter "the Regiment" or "the Scottish Regi-

ment") is the world renowned regiment of the Scottish Division of the British Army. The Regiment traces its origins to the 1725 establishment of the Independent Companies of Highlanders, also known as The Black Watch. The Regiment has distinguished itself by its feats of arms throughout the world since the Eighteenth Century. 5 J.A. at 2180, ¶ 4 & 2183-206; *see also* 5 J.A. at 2229-30, 2244-47 & 2495-564. The Scottish Regiment's badge (App. at 69a), worn by all members of the Regiment, has existed in substantially the same form since the Nineteenth Century. 5 J.A. at 2180, ¶ 5; *see also* 5 J.A. at 2245.

The Regimental Trust Fund of The Black Watch, The Royal Highland Regiment ("the Regimental Trust"), created and existing under the laws of Scotland, engages in a variety of activities to further the Regiment's interests. 5 J.A. at 2181, ¶¶ 6-7. The Regimental Trust derives revenues from, *inter alia*, commercial uses of the Regiment's name and badge. Since at least as early as the late 1950's, the Regimental Trust also has derived revenues from contracts for the sale of sound recordings of the Regimental Band, including United States sales. 5 J.A. at 2181, ¶ 8 & 2208, ¶ 4; *see also* 5 J.A. at 2298-300, ¶¶ 2-6 & 2301-08; 6 J.A. at 2644-48. The Regimental Band has toured extensively in the United States in 1957, 1963, 1976, 1979, 1983 and 1989. 5 J.A. at 2251; *see also* 5 J.A. at 2208-09, ¶¶ 5-6 & 2214-21. In 1963, at the specific request of Mrs. Jacqueline Kennedy, the Regimental Band participated in the late President Kennedy's funeral cortege. 5 J.A. at 2209, 2246 & 2251; 6 J.A. at 2637 & 2643. The Regimental Band has sold various trade goods bearing the Regimental badge, including sound recordings and commemorative programs, in the United States in con-

junction with these tours. 5 J.A. at 2208, ¶ 5, 2229-30, ¶ 3, 2231-57; *see also* 5 J.A. at 2301-06.

III. Majestic And Its Unfair and Deceptive Acts

Majestic is a privately held bottler of alcoholic beverage products located in Lansdown, Maryland. 8 J.A. at 3405 & 3407. Majestic bottles and sells a wide variety of alcoholic beverage products including blended whiskey, gin, vodka and Scotch Whisky. 8 J.A. at 3405.

In approximately 1964, shortly after the Scottish Regiment's 1963 United States tour and its internationally televised appearance in President Kennedy's funeral cortege, Majestic decided to adopt a new brand name for Scotch Whisky - BLACK WATCH. 2 J.A. at 765 & 778-79. Majestic has admitted that it chose the trademark BLACK WATCH for its strong Scottish connotation. 7 J.A. at 3225, 3232-33 & 3269-70. Majestic began to sell BLACK WATCH Scotch Whisky on or about May 5, 1964, using a label prominently displaying a sailing ship. *See* 4 J.A. at 1915.[2]

In 1965, Majestic began to use a new label for its BLACK WATCH Scotch Whisky. *See* 1 J.A. at 143-44. The label was produced by Majestic's printer in response to Majestic's request for a label for its BLACK WATCH Scotch Whisky. 2 J.A. at 767-68. Majestic has admitted that in adopting its new BLACK WATCH trade dress, it intended "to make it as Scotch looking a label as they could." 7 J.A. at 3217 & 3225; *see also id.*, at 3232-33 &

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[2] In September 1964, Majestic applied to register the BLACK WATCH mark for "whisky." 8 J.A. at 3362, ¶ 4. During the application process, the only product on which Majestic represented to the Patent and Trademark Office that it was using the mark was Scotch Whisky. 4 J.A. at 1912-13, 1917 & 1919. The registration was granted in 1966. 8 J.A. at 3362, ¶ 5.

3235. The new label incorporated not only the trademark BLACK WATCH, but also a counterfeit copy of the Scottish Regiment's badge (bearing the inscription "Black Watch, The Royal Highlanders") and a thistle design (the national symbol of Scotland). *See* App. at 71a (Scotch Whisky label).

In late 1967, Majestic first extended its use of BLACK WATCH to a product other than Scotch Whisky by applying it to blended American whiskey using a label substantially identical to its BLACK WATCH Scotch Whisky label. 5 J.A. at 1983-84; *see* App. at 73a (blended whiskey label). In 1971 and 1977, Majestic further extended its use of the BLACK WATCH mark to gin and vodka respectively, again using labels substantially identical to its Scotch Whisky label. 5 J.A. at 1985-86 & 1987-88; *see* App. at 75a & 77a (gin and vodka labels).

IV. Procedural History

A. Administrative Proceedings

In 1986, the Association learned that Majestic had filed an application to obtain a federal trademark registration for the BLACK WATCH trademark for "whisky, vodka and gin." 2 J.A. at 962-63. The Association filed proceedings against both Majestic's pending application and its existing registration with the Trademark Trial and Appeal Board ("the Board") of the United States Patent and Trademark Office. *See* 1 J.A. at 98-102 & 118-21.

In the opposition and cancellation proceedings, the Association alleged, *inter alia*, that the use of the trademark BLACK WATCH (with its strong Scottish connotation) on spirits not produced in Scotland, was likely to cause consumers to believe falsely that such goods were

produced in Scotland. *See* 1 J.A. at 98-102 & 118-21. On September 2 and 3, 1987, the Board dismissed the Association's claims with prejudice on the grounds that it could not plead a claim for which relief could be granted because the term BLACK WATCH was not a geographic place name, and therefore was legally incapable of being deceptive as to geographic origin. App. at 46a-49a, 54a-55a & 59a. In an otherwise unrelated proceeding, subsequent to the district court's grant of judgment herein against the Association's claims, but prior to the Fourth Circuit's decision, the Federal Circuit specifically overruled the Board's legal conclusion. *The Scotch Whisky Association v. U.S. Distilled Products Co.*, 952 F.2d 1317, 1319 (Fed. Cir. 1991), *rev'g*, 18 U.S.P.Q.2d 1391 (T.T.A.B.); *cf.*, App. at 5a n. 7.

B. Civil Action

In November 1987, the Association and Major General Andrew Linton Watson, C.B., as Colonel of the Regiment and as Chairman of the Regimental Trustees of the Regimental Trust Fund of The Black Watch, The Royal Highland Regiment ("General Watson"), filed this action for unfair competition with appeals from the prior administrative proceedings in the United States District Court for the Northern District of Illinois.[3] In its claim

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[3] The district court had subject matter jurisdiction by virtue of the facts that: (i) this is a civil action arising under the United States Trademark Act (15 U.S.C. § 1051, *et seq.*), jurisdiction being expressly conferred in accordance with 15 U.S.C. § 1121 and 28 U.S.C. § 1228(a); (ii) this is an appeal to a United States district court of decisions of the Trademark Trial and Appeal Board, jurisdiction being expressly conferred in accordance with 15 U.S.C. § 1071(b)(1); and, (iii) the fact that the Association and Majestic are citizens of the United Kingdom and the State of Maryland respectively, and the value of the controversy exceeds fifty thousand dollars ($50,000), exclusive of interest and costs, jurisdiction being conferred in accordance with 28 U.S.C. § 1332(a). The district court also had pendent jurisdiction

for unfair competition, the Association alleges, *inter alia*, that one or more marks or designs used by Majestic for its BLACK WATCH products are likely to deceive the public to believe falsely that such goods originate in Scotland.

On March 3, 1988, on Majestic's motion for dismissal, the district court ruled that venue was improper in the Northern District of Illinois, ordered that the action be transferred to the District of Maryland and denied Majestic's request for sanctions and an award of its attorney fees. 1 J.A. at 33-34 (reported at 681 F.Supp. 1297).

Majestic answered and filed counterclaims for "maintenance, malicious prosecution and wrongful initiation of litigation." 6 J.A. at 2602.

Majestic moved for summary judgment against the Association's claims. General Watson and Majestic filed cross motions for summary judgment on General Watson's claims. Lastly, the Association, General Watson and Majestic filed cross motions for summary judgment against Majestic's counterclaims. On December 27, 1990, the district court entered an order: granting summary judgment in favor of Majestic on the Association's claims; and, granting summary judgment in favor of the Association on Majestic's counterclaims. App. at 39a.[4] In granting judgment against the Association's claims, the district court expressly noted that the determination of whether Majestic's BLACK WATCH products were

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over all state law claims related to the federal claims for unfair competition in accordance with 28 U.S.C. § 1338(b).

[4] The district court's order also denied General Watson's motion for summary judgment on Majestic's counterclaims and General Watson's and Majestic's cross motions for summary judgment on General Watson's claims. *Id.*

likely to deceive consumers as to the geographic origin of such goods was "purely a factual inquiry." App. at 25a, n.3. Based upon its interpretation of the factual evidence submitted by the respective parties, the district court concluded that Majestic was entitled to summary judgment because the court was "not persuaded that an appreciable number of consumers would be confused as to the national origin of Majestic's products." App. at 29a; *see also id.*, at 24a-29a. Nevertheless, in granting summary judgment against Majestic's malicious prosecution counterclaim, the district court expressly ruled that it could not find the Association's claims to be "frivolous and unfounded." App. at 36a.

On February 13, 1991, the district court denied both Majestic's motion for an award of Rule 11 and other sanctions, and its motion for attorney fees under Section 35(a) of the Trademark Act (15 U.S.C. § 1117(a)). App. at 18a. In denying the Section 35(a) award, the district court expressed great dissatisfaction with both the legal and factual bases of the Association's claims, but ruled that this was not an "exceptional case" concluding that the Association's claims were "totally unpersuasive (although not frivolous)." App. at 17a. The district court stated that it could not conclude that the Association's claims were "brought for an improper purpose" and further found that the Association's claims were brought "for the express (but generally permissible) purpose of forcing Defendant to stop using a trade name." App. at 16a & 17a. On the same date, the district court also entered judgment under Rule 54(b) as to, *inter alia*, the Association's unfair competition claims. App. at 62a.

C. Appeal

The Association filed a timely appeal to the United States Court of Appeals for the Fourth Circuit seeking

review of, *inter alia*, the district court's grant of summary judgment against its unfair competition claims.[5] Majestic filed a timely cross appeal seeking review of the district court's denial of its motion for an attorney fees award under Section 35(a) of the Trademark Act.

On March 4, 1992, the Fourth Circuit affirmed the grant of summary judgment against the Association's unfair competition claims, reversed the district court's denial of Majestic's motion for attorney fees, and remanded the action for consideration of Majestic's attorney fees request under a new test. On March 31, 1991, the court denied a timely filed petition for reconsideration and reconsideration en banc.

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[5] The Association also sought review of the United States District Court for the Northern District of Illinois' decision holding venue improper in said district, but on August 5, 1991, the Association's appeal of this issue was dismissed on the grounds that the Fourth Circuit lacked subject matter jurisdiction to hear the appeal. The Association sought such review not to challenge the transfer to the District of Maryland, but rather because Majestic continues to seek a punitive award based upon the finding of improper venue, notwithstanding the denial of such award by the Northern District of Illinois.

REASONS FOR GRANTING THE WRIT

I. The Fourth Circuit's Test For Awarding Attorney Fees Under The Trademark Act Conflicts With Decisions of At Least Nine Other Circuits And With This Court's Own Authority Regarding The Rules Of Statutory Construction

A. The Fourth Circuit's Test For Awarding Attorney Fees Under The Trademark Act Contravenes Almost Uniformly Accepted Law Requiring Bad Faith Or Like Conduct

The Fourth Circuit has interpreted the "exceptional cases" requirement of Section 35(a) of the Trademark Act (15 U.S.C. § 1117(a)) contrary to almost uniformly accepted authority and the clear Congressional intent. Specifically, the Fourth Circuit has abandoned the bad faith test for awarding attorney fees as it applies to a prevailing defendant, but left it in place with respect to a prevailing plaintiff. The new test for prevailing defendants is an amorphous "something less than bad faith" test which cannot be deciphered more precisely than as apparently requiring merely a finding that an unsuccessful plaintiff's claim was unreasonable. *See* App. at 12a-13a. This Court should grant the writ to resolve this split of authority among the circuits and to effectuate the Congressional intent.

In *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967), this Court held that there was no authority for federal courts to award attorney fees to a prevailing party under the Trademark Act. In the absence of express statutory authority to the contrary, this Court, in accordance with the American Rule, held that the parties to an action brought under the Trademark Act were to bear their own costs, including attorney fees,

except in very limited circumstances (e.g., willful acts of civil contempt). 386 U.S. at 717 & 720-21. In the wake of this Court's decision, Congress amended the Trademark Act in 1975 to allow attorney fee awards to a prevailing party, but only in "exceptional cases." *See infra*, at 14-15.

As expressly acknowledged by the Fourth Circuit, there is a split of authority among the circuits regarding the interpretation of the "exceptional cases" provision of Section 35(a). App. at 11a. The Fourth Circuit found that "an unqualified finding of bad faith" must be established before a prevailing party (either plaintiff or defendant) may be awarded attorney fees in five circuits — the Second, Sixth, Ninth, Tenth and Eleventh. App. at 11a-12a.[6] The court further found that a finding of bad faith need not be established by the prevailing party (again, either plaintiff or defendant) in two circuits — the Third and Eighth. App. at 12a.[7] Finally, the Fourth Circuit found that one circuit — the District of Columbia Circuit - required a showing of bad faith to award attorney fees to a prevailing plaintiff, but requires

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[6] *Citing Motown Productions, Inc. v. Cacomm, Inc.*, 849 F.2d 781, 786 (2d Cir. 1988); *Frisch's Restaurants v. Elby's Big Boy*, 849 F.2d 1012, 1017 (6th Cir. 1988); *U-Haul International v. Jartran, Inc.*, 793 F.2d 1034, 1044 (9th Cir. 1986); *Post Office v. Portec, Inc.*, 913 F.2d 802, 812 (10th Cir. 1990), *vacated on other grounds*, 111 S.Ct. 1299 (1991); *Safeway Stores v. Safeway Discount Drugs*, 675 F.2d 1160, 1169 (11th Cir. 1982). *See also Academy of Motion Picture Arts & Sciences v. Creative House Promotions*, 944 F.2d 1446, 1457 (9th Cir. 1991) (losing plaintiff must be guilty of "extraordinary, malicious, wanton, and oppressive conduct").

[7] *Citing Standard Terry Mills v. Shen Manufacturing Co.*, 803 F.2d 778, 782 n.7 (3d Cir. 1986); *Hartman v. Hallmark Cards*, 833 F.2d 117, 123 (8th Cir. 1987). As established *infra*, however, the Third Circuit requires bad faith or like conduct.

"[s]omething less" than bad faith to make such an award to a prevailing defendant. App. at 12a-13a.[8]

The Fourth Circuit, however, misstates the split of authority among the circuits. *All* circuits, except the District of Columbia Circuit, possibly the Eighth Circuit, and now the Fourth Circuit, require a finding of bad faith or similar very culpable conduct by the losing party before attorney fees may be awarded under Section 35(a).[9] According to the Seventh Circuit, a prevailing defendant may be awarded its attorney fees only where plaintiff's "defense of its trademark rights was 'malicious, fraudulent, deliberate or willful.'" *Hairline Creations v. Kefalas*, 664 F.2d 652, 659 (7th Cir. 1981). According to the Third Circuit, "a district court must make a finding of culpable conduct on the part of the losing party, such as bad faith, fraud, malice, or knowing infringement, before a case qualifies as 'exceptional.'" *Ferrero U.S.A., Inc. v. Ozak Trading*, 952 F.2d 44, 47 (3d Cir. 1991). *Accord Texas Pig Stands v. Hard Rock Cafe Int'l*, 951 F.2d 684, 696-97 (5th Cir. 1992); *see Schroeder v. Lotito*, 747 F.2d 801, 802 (1st Cir. 1984) (per curiam).

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[8] *Citing Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521, 526-27 (D.C. Cir. 1985) (rehearing en banc denied) (opinion by Ginsburg, C.J., joined by Scalia, C.J., dissent by Wald, C.J.). *Cf., ALPO Petfoods v. Ralston Purina Co.*, 913 F.2d 958, 971 (D.C. Cir. 1990) (Thomas, C.J.) (prevailing plaintiff must establish defendant's acts were willful or in bad faith).

[9] Even in the Eighth Circuit, which expressly disclaims a "bad faith" requirement, a prevailing defendant is not entitled to an attorney fees award unless plaintiff's claim "was groundless, unreasonable, vexatious, or was pursued in bad faith." *Hartman*, 833 F.2d at 123. Interpreting this standard, the court found that prevailing defendant could not meet the test where plaintiff "had not acted in bad faith and her complaint was colorable and not baseless." *See* 833 F.2d at 123-34; *see also Noxell Corp.*, 771 F.2d at 532 n.4 (Wald, C.J., dissenting).

Consequently, at least nine circuits — the First, Second, Third, Fifth, Sixth, Seventh, Ninth, Tenth and Eleventh — interpret the "exceptional cases" provision of Section 35(a) to require bad faith or other highly culpable conduct by the losing party before a prevailing party may be awarded attorney fees.[10] Only the District of Columbia Circuit and the Fourth Circuit have abandoned the almost uniformly accepted "bad faith" test for a new, ill defined "unreasonableness" test. Given the material and substantial disparity between these two interpretations of the "exceptional cases" provision of Section 35(a), there is manifest need for this Court to resolve the split of authority among the circuits.

B. The Fourth Circuit's Test For Awarding Attorney Fees Under The Trademark Act Contravenes The Clear Congressional Intent

In adopting the 1975 amendment to the Trademark Act, Congress specifically intended to correct the anomaly created by this Court's decision in *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967), under which a prevailing party could seek an attorney fee award under United States patent and copyright laws, but not under the trademark laws. S. Rep. No. 1400, 93rd Cong., 2nd Sess., *reprinted in* 1974 U.S. Code Cong. & Admin. News 7132, 7133. The Amendment was not intended to overturn the American Rule, but to allow such awards only in very limited circumstances involving "exceptional cases, i.e.,... where the acts of infringement can be characterized as 'malicious,' 'fraud-

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[10] The Federal Circuit expressly disclaims the power independently to interpret the Trademark Act in civil actions for unfair competition. *Bandag, Inc. v. Al Bolser's Tire Stores*, 750 F.2d 903, 909 (Fed. Cir. 1984); *but cf., infra*, at 15-16 (interpreting Patent Act's "exceptional cases" provisions).

ulent,' 'deliberate,' or 'willful.'" *Id.*; *accord id.*, at 7136 (Commerce Dept. Statement). The Senate Report expressly notes that "attorney fees should also be available to defendants in exceptional cases." *Id.* at 7133. The Commerce Department Statement appended to the Senate Report states that the amendment was intended to protect a prevailing defendant where plaintiff's claim was not merely "unfounded" but also brought "for harassment and the like." *Id.*, at 7136. It is well established that "unfounded" litigation brought for purposes of "harassment" constitutes bad faith conduct. *E.g.*, *Oliveri v. Thompson*, 803 F.2d 1265, 1272 (2d Cir. 1986), *cert. denied*, 480 U.S. 918 (1987); *Ford v. Temple Hospital*, 790 F.2d 342, 347 (3d Cir. 1986).

Any doubt that proof of bad faith or like conduct was intended as requisite is resolved by Congress's choice of statutory language. The amendment is adopted word for word from the Patent Act. *Compare* 15 U.S.C. § 1117(a) *with* 35 U.S.C. § 285. Where a statute is derived *in haec verba* from another, "we may properly conclude that Congress intended that the construction of the [later adopted statute] should follow that of [the previously adopted statute]." *Oscar Mayer & Co. v. Evans*, 441 U.S. 750, 756 (1979) (citation omitted).[11] The uniform, nationwide judicial interpretation of the "exceptional cases" provision of the Patent Act requires a prevailing defendant to establish that plaintiff engaged in "bad faith litigation" or other very culpable conduct such as fraud on the Patent and Trademark Office. *Cambridge*

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[11] Judicial interpretations of such statutes "apply with equal force." *Trans World Airlines v. Thurston*, 469 U.S. 111, 121 (1985); *see also Northcross v. Board of Ed.*, 412 U.S. 427, 428 (1973) (per curiam); *Noxell Corp.*, 771 F.2d at 531 n.3 (Wald, C.J., dissenting) (attorney fee provision of Patent Act generally is construed *in pari materia* with Trademark Act).

Products v. Penn Nutrients, 22 U.S.P.Q.2d 1577, 1579-80 (Fed. Cir. 1992), *citing Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 455 (Fed. Cir. 1985); *cf.*, 28 U.S.C. § 1295(a)(1) (Federal Circuit patent jurisdiction).[12]

The Fourth Circuit's repudiation of the "bad faith" test in favor of an "unreasonableness" test improperly abrogates the clear Congressional intent embodied in the 1975 amendment to the Trademark Act. Moreover, the prevention of unfair competition serves the important public policy of protecting the consuming public from deceptive and unfair trade practices. *E.g., Falcon Rice Mill v. Community Rice Mill*, 725 F.2d 336, 348 (5th Cir. 1984); *cf., Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 854 n.14 (1982). This policy is advanced by civil litigation pursued by private commercial parties. *See The Trademark Counterfeiting Act of 1984*, S. Rep. No. 526, 98th Cong., 2d Sess. 2&6 (1984). By adopting a dramatically lower standard for awarding attorney fees

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[12] The Association notes that because *Cambridge Products* was not decided until May 4, 1992, the Fourth Circuit did not have the benefit of the decision when it rendered its opinion herein. *See also Arbrook, Inc. v. American Hospital Supply Corp.*, 645 F.2d 273, 278-79 (5th Cir. 1981); *Colortronic Reinhard & Co. v. Plastic Controls*, 668 F.2d 1, 7-8 (1st Cir. 1981); *Digitronics Corp. v. New York Racing Ass'n*, 553 F.2d 740, 749 (2d Cir.), *cert. denied*, 434 U.S. 860 (1977); *Scott Paper Co. v. Fort Howard Paper Co.*, 432 F.2d 1198, 1205 (7th Cir. 1970), *cert. denied*, 401 U.S. 913 (1971). Moreover, under the attorney fee provision of the Copyright Act (17 U.S.C. § 505), which does not limit awards to "exceptional cases," the Second and Ninth Circuits have held that while a prevailing plaintiff should routinely be awarded attorney fees in order to encourage redress of copyright infringement, a prevailing defendant is held to a substantially higher standard "to avoid chilling a copyright holder's incentive to sue on 'colorable claims.'" *Roth v. Pritikin*, 787 F.2d 54, 57 (2d Cir. 1986) (citation omitted); *see Academy of Motion Picture Arts & Sciences*, 944 F.2d at 1457-58 (losing plaintiff's claim must be "frivolous or brought in bad faith").

to a prevailing defendant, the public interest is greatly disserved by the chilling effect such standard necessarily must have upon potential plaintiffs who might otherwise pursue colorable unfair competition claims. *Cf., Roth,* 787 F.2d at 57 (copyright claims). This Court should grant the writ to correct the Fourth Circuit's error and effectuate the clear Congressional intent.

II. The Fourth Circuit's Decision Affirming The Grant Of Summary Judgment Against The Association's Unfair Competition Claims Violates The Federal Rules Of Civil Procedure And Decisions Of This Court, And Also Conflicts With Decisions Of Other Circuits Regarding The Law Of Unfair Competition

In affirming on *de novo* review the district court's grant of summary judgment against the Association's unfair competition claims, the Fourth Circuit, contrary to this Court's well settled authority, weighed conflicting evidence, drew adverse evidentiary inferences against the non-movant and decided contested issues of material fact. This Court should grant the writ to correct the Fourth Circuit's clear legal error.

Rule 56 of the Federal Rules of Civil Procedure empowers federal courts to grant summary judgment, but only where it is established that "there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). "Material facts" are those "that *might* affect the outcome of the suit under the governing law. . . ." *Anderson v. Liberty Lobby,* 477 U.S. 242, 248 (1986) (emphasis added).

The right to a full trial upon disputed issues of material fact is a fundamental principle of United States jurisprudence. *See Poller v. Columbia Broadcasting System*, 368 U.S. 464, 473 (1962). Consequently, under no circumstances may summary judgment be treated merely as a trial by affidavit. "[A]t the summary judgment stage the judge's function is not himself to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial." *Anderson*, 477 U.S. at 249. In determining whether there is a genuine issue of material fact which will preclude summary judgment, all evidence is to be construed, and all inferences are to be drawn, in favor of the non-moving party. *Id.*, at 255 (citation omitted). Summary judgment is improper "[i]f reasonable minds could differ as to the import of the evidence. . . ." *Id.*, at 250-52. Subjective issues, such as intent, credibility and weight of evidence, are singularly inappropriate for determination on a summary judgment motion. *Id.*, at 255.

As noted *supra*, the materiality of disputed factual issues is dictated by the substantive law of unfair competition. The test for unfair competition under Section 43(a) of the Trademark Act (15 U.S.C. § 1117(a)) and Maryland common law is whether defendant's acts are likely to cause confusion. App. at 6a-7a. As the Fourth Circuit stated on April 10, 1992:

> . . . the likelihood of consumer confusion is an "inherently factual" issue that depends on the unique facts and circumstances of each case. . . . Likelihood of confusion is "frequently a fairly disputed issue of fact on which reasonable minds may differ,"...and has long been recognized to be "a matter of varying human reactions to situations incapable of exact appraisement."

Anheuser-Busch Inc. v. L&L Wings, Inc., 22 U.S.P.Q.2d 1502, 1504 (4th Cir. 1992) (citations omitted). In determining the factual issue of likelihood of confusion, the trier of fact should evaluate various subsidiary factual matters including, *inter alia*, evidence of public understanding of the disputed terms or symbols, evidence of the defendant's wrongful intent, the relationship of the goods and evidence of actual confusion. *See, e.g., id.*, at 1505 (citation omitted).[13] In light of this substantive law, the evidence of record must be reviewed to determine the existence of genuine issues as to the following material facts:

1. *Public Understanding* — "Evidence of the public's understanding of [a]...term may be obtained from any competent source, such as...dictionaries, newspapers and other publications." *In re Northland Aluminum Products*, 777 F.2d 1556, 1559 (Fed. Cir. 1985). In this case both parties offered substantial, albeit indirect, evidence regarding public understanding of Majestic's trade *indicia*, including, *inter alia*, the following:

(a) *Magazine and Newspaper Articles* — Both parties submitted magazine and newspaper articles from the NEXIS computer data base referring to the term "Black Watch" as indirect evidence of the public's understanding of such term. *See* App. at 9a; *see also id.*, at 27a. Of the two hundred eighty (280) articles of record, one hundred eleven (111) entries referred to the Scottish Regiment and sixty (60) referred to Black Watch

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[13] The various factors identified by the courts "are not meant to be a 'rigid formula' for infringement," but rather "are only a guide - a catalog of various factors that may be relevant in determining...likelihood of confusion....[N]ot all factors are of equal importance, nor are they always relevant in a given case." *Anheuser-Busch Inc.*, 22 U.S.P.Q.2d at 1505-06 (citations omitted).

tartan or plaid. 5 J.A. at 2312, ¶ 4. Thus, at least sixty-two percent (62%) of the articles evidence public association of "Black Watch" with Scotland or subjects with strong Scottish connotation. The Fourth Circuit not only failed to give the non-movant the benefit of an evidentiary inference based upon such evidence, it drew inferences against the non-movant that the remaining thirty-eight percent (38%) of the articles established extensive third party use of "Black Watch" and that the public therefore would not associate "Black Watch" with the Regiment or with Scotland.[14] *Compare* App. at 9a *with Olde Tyme Foods v. Roundy's, Inc.*, 961 F.2d 200, 204 (Fed. Cir. 1992) (summary judgment reversed where Board drew inference against non-movant based on evidence of third party trademark use).

(b) *Dictionaries and Other Reference Works* — "[T]he dictionary, with its continuous catalogue of words arriving in and departing from common speech, is an especially appropriate source of evidence about the meaning attached by a linguistic group to a particular verbal symbol." *Gimix, Inc. v. JS&A Group*, 699 F.2d 901, 905 (7th Cir. 1983). Here, the Association submitted entries from seven (7) highly regarded English language dictionaries and reference works which identify "Black

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[14]Fifty (50) of the remaining one hundred and six (106) articles (i.e., 18%) referred to the Canadian Black Watch Regiment and a nickname of the Georgia Tech football team during the 1980's. 5 J.A. at 2312, ¶ 4. Both the Canadian Regiment's and the football team's names were adopted because of the association with the Scottish Regiment. *See* 4 J.A. at 1712 & 1714; 5 J.A. 2560; *see also* 4 J.A. at 2235 & 2242-43.

Additional magazine and newspaper articles were submitted to evidence the public association of thistles and the term "Highlander" (both elements of the BLACK WATCH trade dress) with Scotland. 3 J.A. at 1040-48 & 1050-55.

Watch" as the name of the famous Scottish Regiment.[15] The Fourth Circuit's holding that such material does not constitute evidence that the public associates the name with the Scottish Regiment (and therefore, Scotland) (App. at 9a-10a), as well as its failure to give the non-movant the benefit of an evidentiary inference of such association, clearly was erroneous.[16]

(c) *Trade Usage* — "Evidence of the context in which a mark is used on labels...is probative of the reaction of prospective purchasers to the mark." *In re Abcor Development Corp.*, 588 F.2d 811, 814 (C.C.P.A. 1978). Here, the trade dress of fifteen (15) third party and eighteen (18) of Majestic's own Scotch Whiskies established widespread use of thistle designs for such products. 3 J.A. at 1024-38 & 1057-103.[17]

(d) *Intent* — Where a defendant adopts a term or symbol with the intent that the public will make an

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[15] Among the cited works are current editions of the following: *The American Heritage Dictionary of the English Language, The Concise Columbia Encyclopedia, Encyclopedia Britannica* and *The Random House College Dictionary.*

[16] Additional entries from standard reference works were submitted to evidence public association of thistles and the term "Highlander" with Scotland. 2 J.A. at 659, 666, 671, 673-74, 697-98, 703-04, 705, 711, 713, 722, 735, 737, 746, 747 & 749.

[17] The Association also submitted evidence of trade usage, including Majestic's usage, of "Highlander" with Scotch Whisky. 3 J.A. at 766 & 1024-38. Moreover, the Scottish connotation of "Highlander" is so well established that its use in conjunction with non-Scottish alcoholic beverage products is prohibited by federal regulation. 27 C.F.R. § 5.22(k)(4).

The Association also offered significant evidence that the Scottish Regiment has made commercial use of its Black Watch name and badge in the United States in connection with six extensive tours by its band since 1957 and sales of its Regimental Band's recordings since the 1950's. *See supra*, at 4-5.

association with such term or symbol, plaintiff is entitled to an evidentiary presumption that the public made the intended association. *See, e.g., Marker Int'l v. DeBruler*, 844 F.2d 763, 764 (10th Cir.) (rehearing denied), *cert. denied*, 488 U.S. 927 (1988); *M. Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 447-48 (4th Cir. 1986). Here, it is admitted that Majestic adopted the BLACK WATCH trademark for Scotch Whisky because of its Scottish connotation, and the BLACK WATCH trade dress with the intent "to make it as Scotch looking a label as they could." *Supra*, at 5-6. To this end, the Scotch Whisky label incorporated not only the Scottish Regiment's name, but also a counterfeit copy of its badge (both without the Regiment's knowledge or consent), as well as a thistle design, the national symbol of Scotland.[18] While there are differences among the labels, the BLACK WATCH blended whiskey, gin and vodka labels all have these principal elements of the original Scotch Whisky label. *See* App. at 71a-77a. If such elements were incorporated into the original Scotch Whisky label "to make it as Scotch looking . . . as they could," then, on a motion for summary judgment, the Association was entitled to an evidentiary presumption that the same Scottish connotation intended by Majestic was created among the public for the remaining BLACK WATCH products.

In sum, the Association submitted substantial, specific, albeit indirect, evidence that the public would associate the BLACK WATCH trademark and trade dress with Scotland.

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[18] Majestic's BLACK WATCH thistle design appears on eighteen (18) of Majestic's Scotch Whisky brands (*see* 3 J.A. at 1057-103), but not on *any* product other than Scotch Whisky *except* the BLACK WATCH products. *See* 3 J.A. at 1057-314.

2. *Wrongful Intent* - In addition to being strong evidence of public understanding (*supra*, at 21-22), as recently noted by Justice Powell, evidence of a defendant's wrongful intent "creates a presumption of likelihood of confusion." *Anheuser Busch Inc.*, 22 U.S.P.Q.2d at 1509 (Powell, J., dissenting), *citing, Osem Food Industries v. Sherwood Foods*, 917 F.2d 161, 165 (4th Cir. 1990) (rehearing en banc denied).[19] The Fourth Circuit dismissed the evidence that Majestic's intent in adopting the BLACK WATCH trademark and trade dress for Scotch Whisky was "to make it as Scotch looking . . . as they could" (*supra*, at 5-6) because "Majestic's Scotch whisky was, and is, 100% Scotch whisky." App. at 10a. The court plainly disregarded the material fact that, as discussed *supra*, Majestic's labels for the non-Scottish blended whiskey, gin and vodka incorporated the same principal elements intentionally incorporated into the Scotch Whisky label to give it a strong Scottish connotation. Consequently, Majestic's admitted specific intent in adopting the BLACK WATCH Scotch Whisky label to trade upon the Regiment's and the thistle design's strong public association with Scotland also necessarily manifests itself in the three labels challenged by the Association. The Fourth Circuit clearly erred by failing to give the Association the benefit of an evidentiary presumption of likelihood of geographic source confusion based upon this evidence.

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[19] *Accord Processed Plastic Co. v. Warner Communications*, 675 F.2d 852, 857 (7th Cir. 1982); *Sun-Fun Products v. Suntan Research & Development*, 656 F.2d 186, 190 (5th Cir. 1981); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 157-58 (9th Cir.), *cert. denied*, 374 U.S. 830 (1963). Evidence of wrongful intent may be inferred from the defendant's acts. *See Osem Food Industries*, 917 F.2d at 164-65; *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 927 (10th Cir. 1986).

3. *Relationship of Goods* — The distilled spirits produced and marketed by members of the Association are closely related to those sold by Majestic under the BLACK WATCH trademark and trade dress, and persons, including Majestic, who market Scotch Whisky commonly also sell gin and vodka. Here, the Fourth Circuit found (apparently without more than mere judicial notice) that "gin, blended whiskey, and vodka are not characteristically products of Scotland," from which it drew the impermissible inference against the non-movant that the public was unlikely to associate Majestic's BLACK WATCH goods with Scotland. App. at 10a; *cf. id.*, at 27a & n.4 (district court).[20]

4. *Actual Confusion* — "[P]roof of actual confusion is not necessary to establish likelihood of confusion." App. at 10a-11a (citation omitted). Nevertheless, the Fourth Circuit drew the impermissible inference against the non-movant that confusion is unlikely based upon the absence from the record of evidence of actual confusion. *Compare id.*, at 11a *with Olde Tyme Foods.*, 961 F.2d at 204 (summary judgment reversed by Federal Circuit where Board drew inference against non-movant based upon absence of actual confusion evidence).[21]

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[20] Moreover, the Fourth Circuit simply is wrong regarding blended whiskey because most Scotch Whiskies sold in the United States are blends and, consequently, blended whiskies characteristically are products of Scotland. *See, e.g.*, 3 J.A. at 1024-38; *see also* App. at 71a.

[21] Even in the absence of the evidentiary presumptions to be afforded for summary judgment, federal courts should not infer a finding of no likelihood of confusion from the absence of evidence of actual confusion in cases involving inexpensive goods such as those here because consumers are unlikely to report instances of confusion involving such goods. *Beer Nuts, Inc.*, 805 F.2d at 928; *Chevron Chemical Co. v. Voluntary Purchasing Groups*, 659 F.2d 695, 704-05 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126

Rule 56 is an integral part of the Federal Rules which promotes the expeditious disposition of cases and avoids unnecessary trials when no genuine issues of material fact have been raised. *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986). Nevertheless, "[s]ummary judgment is a lethal weapon, and courts must be mindful of its aims and targets and beware of overkill in its use." *Brunswick Corp. v. Vineberg*, 370 F.2d 605, 612 (5th Cir. 1967) (Goldberg, C.J.). Here, the Fourth Circuit disregarded the well settled rules governing the determination of such motions and treated Rule 56 as a mechanism for trial by affidavit of genuine issues of material fact. This Court should grant the writ to correct this serious legal error.

III. The Fourth Circuit's Restrictive Interpretation Of The Paris Union Convention Conflicts With Decisions Of Other Circuits And With This Court's Own Authority Regarding The Rules Of Statutory And Treaty Construction

As a citizen of a signatory state of the International Convention for the Protection of Industrial Property of 1883 (Paris) (hereinafter "the Paris Union Convention"),[22] the Association seeks relief under the treaty as

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(1982); *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 383 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976).

[22] International Convention for the Protection of Industrial Property of 1883 (Paris); revised at Washington in 1911, 204 O.G. 1011, July 21, 1914 (37 Stat. 1645; Treaty Series 579); at the Hague in 1925, 407 O.G. 298, June 9, 1931 (47 Stat. 1789; Treaty Series 834; 2 Bevans 524); at London in 1934, 613 O.G. 23, August 3, 1948 (53 Stat. 1748; Treaty Series 941; 3 Bevans 223); at Lisbon in 1958, 775 O.G. 321, February 13, 1962 (53 Stat. 1748; 13 U.S.T. 1; TIAS 9431); and at Stockholm July 14, 1967, 852 O.G. 511, July 16, 1968 (21 U.S.T. 1583; TIAS 6923).

implemented by Section 44 of the Trademark Act (15 U.S.C. § 1126(b)&(h)). In denying such relief, contrary to the authority of other circuits and in contravention of United States treaty obligations, the Fourth Circuit ruled that the Paris Union Convention conferred no greater substantive rights than those rights otherwise established under the Trademark Act. App. at 7a-8a. This Court should grant the writ to reconcile this split of authority among the circuits and to fulfill the obligations of the United States under the Paris Union Convention.

"[W]here, as here, [a] statute's language is plain, 'the sole function of the courts is to enforce it according to its terms.'" *United States v. Ron Pair Enterprises*, 489 U.S. 235, 241 (1989) (citation omitted). Here, the Fourth Circuit failed to give effect to the plain statutory language of the Trademark Act. In adopting the Trademark Act of 1946, Congress intended ". . . to provide rights and remedies stipulated by treaties and conventions respecting . . . unfair competition entered into between the United States and foreign nations." 15 U.S.C. § 1127 (Intent of Act). Under Section 44(b), qualified foreign nationals:

> shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, *in addition to* the rights to which any owner of a mark is otherwise entitled by this Act.

15 U.S.C. § 1126(b) (emphasis added). Section 44(h) further provides that such qualified foreign nationals "shall be entitled to effective protection against unfair competition." 15 U.S.C. § 1126(h). Thus, under the plain meaning of the statutory language, Section 44 confers

upon qualified foreign nationals greater rights than those otherwise found in the Trademark Act.

As noted by the Ninth Circuit:

> The federal right created by subsection 44(h) is coextensive with the substantive provisions of the treaty involved. . . . In this way, subsections (b) and (h) work together to provide federal rights and remedies implementing federal unfair competition treaties.

Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788, 792 (9th Cir. 1981) (interpreting Treaty of Friendship, Commerce and Navigation, Apr. 2, 1953, United States - Japan, art. X, 4 U.S.T. 2063, 2071, T.I.A.S. No. 2863); *see also SCM Corp. v. Langis Foods*, 539 F.2d 196, 199-201 (D.C.Cir. 1976); *Davidoff Extensions S.A. v. Davidoff Int'l*, 612 F.Supp. 4, 8-9 (S.D. Fla. 1984), *aff'd without opinion*, 774 F.2d 1178 (11th Cir. 1985), *cert. denied*, 475 U.S. 1122 (1986).[23] Consequently, if the substantive rights conferred by an unfair competition treaty (such as the Paris Union Convention) exceed those otherwise provided by the Trademark Act, qualified foreign nationals (such as the Association) are entitled to the protection of the treaty rights.

Furthermore, a statute should be construed to give effect to all of its provisions in a manner which does not render any section superfluous. *United States v. Menas-*

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[23] Moreover, the Paris Union Convention has been held to be a self-executing treaty incorporated into United States law even prior to the passage of the Trademark Act of 1946. *E.g., Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 640 & n.9 (2d Cir.), *cert. denied*, 352 U.S. 871, *reh'g denied*, 352 U.S. 913 (1956); *Master, Wardens, Searchers, Assistants and Commonalty of Co. of Cutlers in Hallamshire, York County v. Cribben & Sexton Co.*, 202 F.2d 779, 783 (C.C.P.A. 1953); *Hennebique Const. Co. v. Myers*, 172 F. 869, 887 (3d Cir. 1909); *Davidoff Extensions S.A.*, 612 F.Supp. at 8.

che, 348 U.S. 528, 538-39 (1955); *see also United States v. Nordic Village, Inc.*, 112 S.Ct. 1011, 1015 (1992). Section 44(i) expressly extends to United States citizens the same rights conferred upon qualified foreign nationals through Section 44(b). 15 U.S.C. § 1126(i); *accord Hearings on H.R. 4744 Before the Subcomm. on Trademarks of the House Committee on Patents*, 76th Cong., 1st Sess. 164 (1939) (Comments of Special Committee Counsel Edward S. Rogers and Representative Fritz Lanham). If the "benefits" conferred by a treaty through Section 44(b) were not greater than the rights generally conferred by the Trademark Act, then Section 44(i) would be rendered superfluous.

The Paris Union Convention having afforded rights to qualified foreign nationals through Section 44, the Association is entitled to the benefits of the treaty rights which are broader than those rights otherwise conferred by the Trademark Act.[24] The Paris Union Convention prohibits as unfair competition "any act of competition contrary to honest practices in industrial or commercial matters." Paris Union Convention, Art. 10*bis* (1) & (2). Prohibited acts of unfair competition include any act

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[24] Under the treaty, nationals of Union countries enjoy, in each other member country, the same rights and advantages afforded under each nation's law to its own nationals ("national treatment"). Nationals of Union countries also enjoy rights specifically arising from the Convention ("unionist treatment"). Unionist treatment is available over and beyond those rights afforded as national treatment. *See* Paris Convention, Article 2; 1 S. Ladas, *Patents, Trademarks, and Related Rights: National And International Protection* 233, 265-66 & 271 (1975) (hereinafter "S. Ladas, *International Protection*"). Unionist treatment is a mandatory minimum standard of protection which must be extended by member nations. Wolf, *Effective Protection Against Unfair Competition Under Section 44 of the Lanham Act*, 82 Trademark Rep. 33, 46 & 52 (1992) (hereinafter "Wolf, *Effective Protection*").

which, either directly or indirectly, constitutes a false designation of geographic origin. *Id.*, Arts. 10 & 10*bis; see* 3 S. Ladas, *International Protection, supra* n. 24, at 1734. Furthermore:

> According to the accepted canon, we should construe the treaty liberally to give effect to the purpose which animates it. Even where a provision of a treaty fairly admits of two constructions, one restricting, the other enlarging, rights which may be claimed under it, the more liberal interpretation is to be preferred.

Bacardi Corp. v. Domenech, 311 U.S. 150, 163 (1940) (citations omitted) (construing text of General Inter-American Convention for Trade-Mark and Commercial Protection).

Although the Fourth Circuit acknowledges the theoretical possibility that the Paris Union Convention, as implemented by Section 44 of the Trademark Act, "might well cover acts of unfair competition beyond those related to unfair use of trademarks," it held that where a claim involved "the alleged unfair use of trademarks. . ., specifically the deceptive use of a description of a product's origin," then the Paris Union Convention "cannot apply." App. at 7a-8a. An otherwise qualified foreign national's only recourse, according to the court, is to Section 43(a) of the Trademark Act (15 U.S.C. § 1117(a)) which requires "likelihood of confusion." App., at 8a.

As discussed *supra*, the Fourth Circuit's arbitrary conclusion that the Paris Union Convention "cannot apply" in the present case is insupportable. The test for unfair competition under the treaty is whether the alleged acts are "contrary to honest practices in industrial or commercial matters. . . ." Paris Union Convention, Art.

10*bis*(2). While acts resulting in "likelihood of confusion" certainly fall within the parameters of unfair competition prohibited by the treaty (*see id.*, Art. 10*bis* (3)(1)), just as certainly the reach of the Paris Union Convention is not restricted to such acts. Section 44(h) should be interpreted as a substantive provision granting broad protection against acts of unfair competition beyond the scope of Section 43(a). *See generally* Wolf, *Effective Protection, supra* n. 24. Moreover, just because Section 43(a) embraces overlapping subject matter with the treaty cannot justify imposing the parameters of that section upon the rights conferred by the Paris Union Convention. As this Court has held, the United States may not abrogate its obligations under a multilateral unfair competition treaty simply by adopting by statute a narrower scope of protection than that conferred by the treaty. *Bacardi Corp.*, 311 U.S. at 164-65. Any other holding "would make a mockery of the treaty." 311 U.S. at 165.

CONCLUSION

For the above reasons, petitioner respectfully submits that this Court should grant its petition for certiorari.

Respectfully submitted,

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APPENDIX TO PETITION

PUBLISHED

United States Court of Appeals

For the Fourth Circuit

The Scotch Whisky Association
Plaintiff-Appellant,

And

Andrew Linton Watson, as Colonel of the Regiment, and as Chairman of the Regimental Trustees of the Regimental Trust Fund of the Black Watch, The Royal Highland Regiment,
Plaintiff,

v.

Majestic Distilling Company, Incorporated, d/b/a Monumental Distilling Company,
Defendant-Appellee.

[Nos. 91-2348, 91-2359, 91-2360]

Appeals from the United States District Court for the District of Maryland, at Baltimore.
M. J. Garbis, District Judge.
(CA-88-808-MJG)

Argued: December 4, 1991

Decided: March 4, 1992

Before MURNAGHAN and SPROUSE, Circuit Judges, and BUTZNER, Senior Circuit Judge.

Affirmed in part, reversed in part, and remanded by published opinion. Judge Sprouse wrote the opinion, in which Judge Murnaghan and Senior Judge Butzner joined.

OPINION

SPROUSE, Circuit Judge:

The Scotch Whisky[1] Association (SWA)[2] sued the Majestic Distilling Company (Majestic) in district court alleging unfair competition. In the action, SWA also joined appeals from the Trademark Trial and Appeal Board decisions dismissing its opposition and cancellation proceedings against Majestic's use of the trademark BLACK WATCH. The district court granted summary judgment to Majestic. SWA appeals, claiming that there are genuine issues of material fact as to whether Majestic's trademark and trade dress would deceive customers into believing that Majestic's BLACK WATCH products originate in Scotland. Majestic cross-appeals the district court's denial of attorney fees under section 35(a) of the Lanham Act.[3] It claims that the district court erred in requiring that SWA acted in bad faith in order for Majestic to recover attorney fees. We affirm the district court's grant of summary judgment as to SWA's claims but remand for reconsideration of Majestic's request for attorney fees under section 35(a) of the Lanham Act.

I.

In 1964, Majestic, a Maryland-based liquor bottler and distributor, began marketing a Scotch whisky under the name BLACK WATCH. The original label prominently displayed a sailing ship. In 1965, it designed a new label

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[1]"Whisky" spelled without an "e" is commonly used to refer to whisky distilled in Scotland, whereas "whiskey" is used to refer to whiskey distilled in the United States or Ireland.

[2]SWA is a United Kingdom association of Scotch whisky distillers organized to promote interest in, and trade in, whisky produced in Scotland.

[3]15 U.S.C. § 1117(a).

product comprised of a combination of the words BLACK WATCH, a military regimental badge which is substantially identical to the badge of the Black Watch Regiment of Scotland, a thistle, and the word "Highlander" which appears in the regimental badge decoration. In 1966, Majestic obtained federal registration of the mark BLACK WATCH for "whisky." It thereafter expanded its BLACK WATCH product line to include blended whiskey (1967), gin (1971), and vodka (1977). The labels on each of these bottles, like the Scotch whisky label, contains the words BLACK WATCH, the regimental badge, a thistle, and the word "Highlander." Since 1964, Majestic has continuously marketed the BLACK WATCH product line. In 1985, it sought to register its BLACK WATCH trademark for its gin and vodka products.

In 1986, SWA filed an opposition proceeding with the Trademark Trial and Appeal Board (the Board) against Majestic's application to register the mark BLACK WATCH for its gin and vodka products. SWA alleged that Majestic's use of the mark BLACK WATCH for gin and vodka violated sections 2(a)[4] and 2(e)(2)[5] of the Lanham Act because consumers are likely to be deceived into believing that those products originated in Scotland. Concurrently, SWA filed a cancellation pro-

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[4] Section 2(a) of the Lanham Act prohibits, in part, registration of "deceptive" trademarks. 15 U.S.C. § 1052(a). Deceptive trademarks which are registered may be canceled at any time. 15 U.S.C. § 1064(3).

[5] Section 2(e)(2) of the Lanham Act prohibits, in part, registration of marks that are "primarily geographically descriptive or deceptively misdescriptive." 15 U.S.C. § 1052(e)(2).

ceeding under section 2(a) of the Lanham Act against Majestic's registered trademark BLACK WATCH for "whisky," which had been registered since 1966.[6] SWA alleged that consumers are likely to be deceived into believing that Majestic's blended whiskey originated in Scotland. The Board dismissed both SWA's opposition and cancellation claims, holding that because the term BLACK WATCH was not a geographic place name, it was legally incapable of being deceptive as to geographic origin under section 2(a) of the Lanham Act.

In 1987, SWA filed this civil action in the United States District Court for the Northern District of Illinois against Majestic and Valley Liquors (a Majestic distributor located in Illinois). SWA charged Majestic with unfair competition. SWA also appealed the Board's dismissal of its opposition and cancellation proceedings. Majestic, in turn, filed a counterclaim against SWA for malicious prosecution and maintenance.

The Illinois district court ruled that venue was improper in Illinois and ordered the action against Majestic transferred to the district court of Maryland. *Scotch Whisky Ass'n v. Majestic Distilling Co.*, 681 F.Supp. 1297 (N.D. Ill. 1988). The Maryland district court granted summary judgment to Majestic. The court reasoned that the legal test common to all deceptive as to origin claims

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[6] Major General Andrew Linton Watson, former Chief-of-Staff of the Allied Forces in Northern Europe, Colonel in the Black Watch Regiment, and Chairman of the Trustees of the Regimental Trust Fund of the Scottish Regiment, joined SWA's cancellation proceeding before the Board and was a party to the civil action below. However, since he is not a party to this appeal, we will not discuss his claims against Majestic.

under sections 2(a), 2(e)(2), and 43(a) of the Lanham Act is whether there is a likelihood of confusion. After reviewing the evidence, the court concluded that SWA had failed to raise a genuine issue of material fact concerning consumer confusion as to the national origin of Majestic's products. As to Majestic's counterclaim against SWA for malicious prosecution and maintenance, the court granted summary judgment in favor of SWA.

Majestic then moved for attorney fees, costs and sanctions against SWA under Federal Rule 11 of Civil Procedure and section 35(a) of the Lanham Act. Although it stated that SWA's claims were not well grounded in law or in fact, the court denied Majestic's motion because it could not conclude that SWA's arguments were brought for an improper purpose.

On appeal, SWA claims that the district court erred in granting summary judgment because there are genuine issues of material fact as to whether Majestic's trademark and trade dress would deceive customers into believing Majestic's BLACK WATCH products originated in Scotland.[7] Majestic cross-appeals the district court's denial of attorney fees under section 35(a) of the Lanham Act, arguing that a finding of bad faith by the plaintiff, SWA, is not necessary.

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[7] In addition to arguing that summary judgment was appropriate because there are no genuine issues of material fact, Majestic offers two additional grounds to support the district court's decision: as a matter of law, terms which are not geographic places cannot be geographically deceptive, and laches. Since we agree that there are no genuine issues of material fact, we do not address these arguments.

II.

SWA pursues its unfair competition claims against Majestic under the Maryland Consumer Protection Act,[8] section 43(a) of the Lanham Act, Articles 10 and 10*bis* of the Paris Union Convention (1883) via sections 44(b) and (h) of the Lanham Act, and the common law of Maryland. The district court, without discussing each of SWA's claims, stated that SWA, as a party asserting an unfair competition claim, must show a likelihood of confusion as to the product's origin.

We agree with the district court's application of the "likelihood of confusion" test not only to section 43(a) of the Lanham Act but to unfair competition actions under Maryland common law and Article 10 and 10*bis* of the Paris Union Convention as incorporated into the Lanham Act.[9]

It is well established that the test for unfair competition claims under section 43(a) of the Lanham Act is whether there is a likelihood of confusion. *See Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984). This test is also applied to unfair competition claims under Maryland common law. *See Perini Corp. v. Perini Constr. Inc.*, 715 F.Supp. 719, 721 (D.Md. 1989), *rev'd on other grounds*, 915 F.2d 121 (4th Cir. 1990); *Avalon Hill*

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[8] Md. Comm. Law Code Ann. § 13-101 *et seq.*

[9] We readily eliminate SWA's claim under the Maryland Consumer Protection Act. SWA, a trade association, does not come within its definition of consumer. *See* Md. Com. Law Code Ann. § 13-101(c) and *Layton v. AAMCO Transmissions, Inc.*, 717 F.Supp. 369, 371 (D. Md. 1989) (the Maryland Consumer Protection Act only provides a cause of action for consumers).

Co. v. Gebhardt, 166 A.2d 740, 742 (Md. 1960); and *Edmondson Village Theatre, Inc. v. Einbinder*, 116 A.2d 377, 379-80 (Md. 1955).

The Paris Union Convention prohibits, among other things, unfair competition. Specifically, it prohibits the indirect or direct false designation of origin, Article 10, and dishonest trade practices, Article 10*bis*. SWA argues that the rights conferred by the Paris Union Convention exceed those conferred by the Lanham Act. We disagree. Section 44(b) of the Lanham Act gives those persons whose country of origin is a party to a treaty relating to unfair competition only those benefits of section 44 necessary to give effect to the treaty. *See* 15 U.S.C. § 1126(b). Subsection 44(h) of the Lanham Act, among other things, provides international parties effective protection against unfair competition in general. *See* 15 U.S.C. § 1126(h). Subsections 44(b) and 44(h) thus work together to provide foreign nationals with rights under United States law which are coextensive with the substantive provisions of the treaty involved.

The language of section 43(a) of the Lanham Act is, of course, more specific than that used in the Paris Union Convention.[10] By its use of generalities, the Convention

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[10] Section 43(a) provides in part:

> (a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

provisions relied on by SWA might well cover acts of unfair competition beyond those related to the unfair use of trademarks. However, it is the alleged unfair use of trademarks that is involved in this litigation, specifically the deceptive use of a description of a product's origin. The broad language of the Paris Union Convention in its application here cannot apply to a spectrum of unfair competition that is broader than that covering the use of trademarks which deceptively indicate a product's origin. We think then, as apparently did the district court, that vis-a-vis trademark protection under the Paris Union Convention gives no greater protection than that already provided by section 43(a) of the Lanham Act. *Cf. Toho Co., LTD. v. Sears, Roebuck and Co.*, 645 F.2d 788, 792 (9th Cir. 1981) (construing the Treaty of Friendship, Commerce and Navigation and sections 44(b) and (h) of the Lanham Act). In sum, if there is no likelihood of confusion as to the origin of Majestic's products, SWA has no cause of action for unfair competition.

SWA argues that, even if the test is "likelihood of confusion," in granting summary judgment the district

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> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or . . .
>
> shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.
>
> 15 U.S.C. § 1125(a).

court ignored the presumption that all inferences are to be drawn in favor of the non-moving party. It argues that the district court erred when it relied on other products which use the registered trademark BLACK WATCH to establish use, failed to recognize that the majority of articles found in SWA's NEXIS search of the words Black Watch had strong Scottish connotations, ignored the dictionary definitions of Black Watch, thistle, and highlander, ignored Majestic's admission that it originally adopted its BLACK WATCH labels to make them as "scotch" looking as possible, and placed great weight on SWA's inability to present evidence of actual consumer confusion as to the origin of Majestic's BLACK WATCH products.

While we agree that third party registrations may not be evidence of use of the mark nor the public's understanding of the mark, *see Scarves By Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 1173-74 (2d Cir. 1976), both SWA and Majestic presented substantial evidence of news stories and advertisements to show actual use of the mark BLACK WATCH on goods having no Scottish connection to Scotland. Further, contrary to SWA's assertion, the district court did not ignore SWA's NEXIS search of the words Black Watch. Rather, it noted that the search revealed many items wholly unrelated to Scotland.

Although the dictionary defines Black Watch as a Scottish infantry regiment, SWA produced no evidence that the public would understand it as such. We simply do not believe this creates an issue of material fact, especially considering that the labels clearly indicate the

products are made in the United States.[11] Moreover, the labels contain no express reference to Scotland nor were the products ever advertised as being of Scottish origin. More importantly, gin, blended whiskey, and vodka are not characteristically products of Scotland.

There is nothing in the record to show that use of the word "highlander," the badge, or the thistle creates a likelihood of public confusion. The word "highlander" cannot be discerned from the label without the aid of a magnifying glass. As the district court found, SWA presented no evidence that the public would recognize the badge on Majestic's BLACK WATCH products as the regimental badge of the Black Watch regiment. Although a thistle may be the national symbol of Scotland, again, SWA produced no evidence suggesting that the public would understand it as anything more than a prickly plant or that anyone would interpret the particular design on Majestic's labels as a thistle.

Majestic's admission that it originally adopted the BLACK WATCH label for its Scotch whisky because it had strong Scotch connotations is of little consequence. Contrary to SWA's assertion, this admission in no way suggests that Majestic intended to deceive consumers as to the origin of its products; Majestic's Scotch whisky was, and is, 100% Scotch whisky.

Although this circuit holds that proof of actual confusion is not necessary to establish a likelihood of confusion, *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d

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[11] The labels on Majestic's blended whiskey, vodka, and gin designate Baltimore, Maryland, as the bottling location. The gin and vodka labels state "product of U.S.A."

104, 108 (4th Cir. 1990), we agree with the First Circuit that "[a]fter the lapse of substantial time if no one appears to have been actually deceived that fact is strongly probative of the defense that there is no likelihood of deception." *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 377 (1st Cir. 1980) (Citation and ellipses omitted). So, like the district court, we find significant here the fact that SWA was unable to produce any evidence of actual customer confusion after twenty-five years of use and millions of dollars of sales. Considering all of the facts in the light most favorable to the non-moving party, *see Perini Corp. v. Perini Constr. Inc.*, 915 F.2d 121, 124 (4th Cir. 1990), we simply do not believe that there is a genuine issue of fact as to whether the public will be deceived as to the origin of Majestic's BLACK WATCH products. We, therefore, affirm the district court's grant of summary judgment to Majestic.

III.

Majestic argues that the district court applied the wrong standard in ruling on its request for attorney fees under section 35(a) of the Lanham Act. It urges that the bad faith requirement upon which the district court relied only governs applications for awarding attorney fees to a prevailing plaintiff. It insists that a different standard governs a fee application by a prevailing defendant. We agree.

Section 35(a) of the Lanham Act provides that a court may award attorney fees to the prevailing party in "exceptional cases." *See* 15 U.S.C. § 1117(a). Our sister circuits which have interpreted this provision have not agreed as to its meaning. Some appear to require an unqualified showing of bad faith, irrespective of the prevailing party, to succeed in an application for attor-

ney fees. *See Motown Productions, Inc. v. Cacomm, Inc.*, 849 F.2d 781, 786 (2nd Cir. 1988) (exceptional circumstances include cases in which losing party prosecuted or defended action in bad faith); *Frisch's Restaurants v. Elby's Big Boy*, 849 F.2d 1012, 1017 (6th Cir. 1988) (to recover attorney fees infringement must be wilful, fraudulent, or deliberate); *U-Haul Intern., Inc. v. Jartran, Inc.*, 793 F.2d 1034, 1044 (9th Cir. 1986) (defendant's acts must be malicious, wanton, and oppressive); *The Post Office v. Portec, Inc.*, 913 F.2d 802, 812 (10th Cir. 1990) (defendant found to have acted wilfully and intentionally); *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1169 (11th Cir. 1982) (attorney fees under the Lanham act should only be awarded on evidence of fraud or bad faith).

Other circuits have held that a finding of bad faith, apparently irrespective of the prevailing party, is not a prerequisite for an award of attorney fees. *See Hartman v. Hallmark Cards, Inc.*, 833 F.2d 117, 123 (8th Cir. 1987) (absence of bad faith is not alone determinative on issue of fee awards under the Lanham Act), and *Standard Terry Mills, Inc. v. Shen Manuf. Co.*, 803 F.2d 778, 782 n.7 (3d Cir. 1986) (defendant's motion for attorney fees denied because plaintiff's infringement action was not groundless or brought primarily for the purpose of harassment).

Our view of the Act's legislative history persuades us that neither line of cases has completely captured congressional intent with regard to recovery of attorney fees. We think rather that the District of Columbia Circuit in *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521 (D.C. Cir. 1985), has correctly distilled a critical analytical difference depending on whether the plaintiff or the defendant prevails. The

Noxell court held that a prevailing defendant needs to show "[s]omething less than bad faith" to award fees and awarded attorney fees to the defendant because plaintiff's venue selection improperly and unreasonably imposed a hardship on the defendant. *Id.* at 526-27.

Like the *Noxell* court, we believe that a finding of bad faith on the part of a plaintiff is not necessary for a prevailing defendant to prove an "exceptional" case under section 35(a) of the Lanham Act. It is clear, however, that for a prevailing plaintiff to succeed in a request for attorney fees, she must show that the defendant acted in bad faith. The Senate Report states:

> Deliberate and flagrant infringement of trademarks should particularly be discouraged in view of the public interest in the integrity of marks as a measure of quality of products. Effective enforcement of trademark rights is left to the trademark owners and they should, in the interest of preventing purchaser confusion, be encouraged to enforce trademark rights. It would be unconscionable not to provide a complete remedy including attorney fees for acts which courts have characterized as malicious, fraudulent, deliberate and willful.

S. Rep. No. 1400, 93rd Cong., 2d Sess., *reprinted in* 1974 U.S.C.C.A.N. 7132, 7136. In contrast, the Senate Report when discussing prevailing defendants states:

> The bill would also permit prevailing defendants to recover attorney fees in exceptional cases. This would provide protection against unfounded suits brought by trademark owners for harassment and the like.
>
> * * *
>
> Section 3 provides that attorney fees may be awarded to the prevailing party in actions under the

> federal trademark laws, when equitable considerations justify such awards. It would make a trademark owners' remedy complete in enforcing his mark against willful infringers, and would give defendants a remedy against unfounded suits.

Id. at 7136-37.

Significantly, in discussing fee awards to plaintiffs, the report speaks of acts characterized as "malicious, fraudulent, deliberate and willful." Notably absent in the discussion relating to fee awards to prevailing defendants is language suggesting a requirement of bad faith. This is consistent, we think, with the report's discussion of attorney fees to a plaintiff as completing his remedy whereas the discussion of fees for a winning defendant is couched in terms of providing the only remedy. Under the Lanham Act, of course, a prevailing plaintiff may receive, in addition to an award of attorney fees, compensatory damages, an accounting, and treble damages. *See* 15 U.S.C. § 1117(a) and (b). A prevailing defendant who has been wrongfully charged of falsely designating origin has only one source of restitution, recovery of attorney fees. *See* 15 U.S.C. § 1117(a).

We therefore remand Majestic's claims for attorney fees under section 35(a) of the Lanham Act to the district court for consideration under the appropriate standard.

AFFIRMED IN PART, REVERSED IN PART, AND REMANDED

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

SCOTCH WHISKY ASSOCIATION; and MAJOR GENERAL ANDREW LINTON WATSON, C.B., COLONEL OF THE REGIMENT, AS CHAIRMAN OF THE REGIMENTAL TRUSTEES OF THE REGIMENTAL TRUST FUND OF THE BLACK WATCH, THE ROYAL HIGHLAND REGIMENT *Plaintiffs,* v. MAJESTIC DISTILLING COMPANY, INC., d/b/a MONUMENTAL DISTILLING COMPANY, *Defendant.*	Civil Action No. MJG-88-808

MEMORANDUM AND ORDER

The Court has before it the Defendant's Motion For Attorney's Fees and Expenses and has considered the legal memoranda submitted therewith.

The Court wishes to emphasize that it does not believe that there was a close question regarding the Defendant's Motion for Summary Judgment. The basic issue[1] turns upon undisputed facts (i.e. the appearance

[1] To the extent the Defendant is seeking, by the current motion, to obtain legal fees with respect to discovery disputes, the Court is making no finding at all. If the Defendant believes that such contentions have merit

and connotations of the name and particular labels used on Defendant's gin, vodka and blended whisky bottles). This Court found, and wishes to emphasize, that Plaintiff's contentions were totally unpersuasive and that summary judgment was appropriate.

Having restated the view that summary judgment was appropriate, the Court must also restate its view that the Plaintiff's case was not frivolous. The Court is not saying that Plaintiff's claims were well grounded in law or in fact. Indeed, the Court does not believe such is the case. Nevertheless, the Court cannot conclude that Plaintiff's contentions were so totally devoid of arguable merit that sanctions or legal fee awards are appropriate under Rule 11 or Maryland Rule 1-341.[2] Nor does this Court conclude on the evidence now presented that the Plaintiff's action was brought for an improper purpose.[3]

(and are not already too late), they should be the subject of a separate motion which can be referred to the Magistrate Judge who conducted the discovery proceedings in this case. The Court is not suggesting, of course, that any such motion be filed.

[2] In view of the decision on the merits, the Court is not answering the substantial question raised by Plaintiff that the federal courts should not be granting relief under a state rule rather than Rule 11.

[3] The Court is not encouraging, but does not foreclose, a malicious prosecution claim or motion for sanctions by Defendant against the Scotch Whisky Association following the final resolution of this case—such claims being premised on the Association's role as sponsors of the Regiment's claims, which ultimately may be found frivolous.

As to Section 35(a) of the Lanham Act, the Defendant has not shown that this is an "exceptional case." Indeed, the Court does not see, in the context of this case, a meaningful difference between the Rule 11 standard and the Section 35(a) "exceptional case" standards such that the Court could conclude that Rule 11 sanctions were inappropriate but that there was an "exceptional case."

In conclusion, the Court wishes to note that it is not unsympathetic to the claims of the Defendant. As the Court sees it, a well financed trade association has brought a totally unpersuasive (although not frivolous) expensive proceeding against a relatively small company for the express (but generally permissible) purpose of forcing the Defendant to stop using a trade name. Since the Plaintiff will be appealing this Court's grant of summary judgment, the Defendant should consider appealing this denial of an award of legal fees and expenses. This Court would welcome guidance from the United States Court of Appeals for the Fourth Circuit with regard to the meaning of the term "exceptional case" in the section 35(a) context as compared to the Rule 11 standard. This Court would not be at all reluctant to award fees and expenses to Defendant, but believes that, in this case, it cannot do so.

Finally, the Court wishes to note that its decision on the pending motion should not be taken as an indication that such a motion might not be granted against the Scotch Whisky Association and Colonel Watson and the Black Watch Regiment with regard to the Regiment's claims. Ironically, while summary judgment could not

be granted against the Regiment's claims[4], they may well turn out to be frivolous. Moreover, in this case the Regiment is being financed by the Scotch Whisky Association to further its own purposes and it may well turn out that the Regiment has been tendered by Defendant what appears to be the maximum possible relief it could obtain in this case. This Court may well find that as to the Regiment's claims this is an "exceptional case."[5] Of course, any such findings would have be based upon the full record which has yet to be made.

For the foregoing reasons, the Defendant's Motion For Attorney's Fees and Expenses is **DENIED.**

SO ORDERED this 13th day of February, 1991.

/s/

Marvin J. Garbis
United States District Judge

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[4] The Court found that there appeared to be factual issues relating to the Regiment's claims which prevented summary judgment. However, every indication is that the Regiment's claims have little, if any, merit.

[5] The Court invites the Defendant to file an appropriate motion (if there is legal justification for so doing) compelling the Scotch Whiskey Association to secure the payment of sanctions and awards and expenses which might be awarded against the Regiment.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

SCOTCH WHISKY ASSOCIATION; and MAJOR GENERAL ANDREW LINTON WATSON, C.B., COLONEL OF THE REGIMENT, AS CHAIRMAN OF THE REGIMENTAL TRUSTEES OF THE REGIMENTAL TRUST FUND OF THE BLACK WATCH, THE ROYAL HIGHLAND REGIMENT *Plaintiffs,* V. **MAJESTIC DISTILLING COMPANY, INC., d/b/a MONUMENTAL DISTILLING COMPANY,** *Defendant.*	**Civil Action No. MJG-88-808**

MEMORANDUM AND ORDER

Majestic Distilling Co., Inc. is a Maryland-based liquor bottler and distributer. In 1964 Majestic began marketing a scotch whiskey under the name of "Black Watch." In 1966 Majestic obtained federal registration of its "Black Watch" trademark for blended whisky. By 1977, Majestic had expanded the Black Watch family of products to include a gin and vodka in addition to Black Watch scotch and blended whisky. Majestic had continuously marketed the Black Watch product line from 1964 until the present. Among other markings, the labels on Majestic's Black Watch products contain the words "BLACK WATCH", a badge or insignia of a military regiment that

is substantially identical to the badge of the Black Watch Regiment of Scotland, and what is alleged to be a stylized depiction of a thistle. *See* Attachment 1. In this action the Scotch Whisky Association (SWA) and Major General Andrew Linton Watson, Colonel of the Black Watch Regiment of the British Army, are suing Majestic for trademark infringement and unfair competition arising out of Majestic's use of the Black Watch trademark.

The SWA is a trade association headquartered in Scotland representing producers of Scotch Whisky. Colonel Watson is suing in his capacity as Colonel of the Black Watch Regiment and also as Chairman of the Trustees of the Regimental Trust Fund of the Scottish Regiment. For convenience, both of the parties "represented" by Colonel Watson are collectively referred to as "the Regiment". Majestic has counterclaimed against both plaintiffs for malicious prosection, and against the SWA for maintenance. The following motions are before the Court:

1. Majestic's Motion for Summary Judgment against the claims of the Scotch Whisky Association.

2. Majestic's Motion for Summary Judgment Against the claims of the Regiment.

3. The Regiment's Motion for Summary Judgment on its claim against Majestic.

4. Defendant's Cross Motion for Summary Judgment on its counterclaims against the SWA and the Regiment.

5. Plaintiff's Joint Motion to Dismiss Majestic's counterclaims, or in the alternative for Summary Judgment.

I. The Summary Judgment Standard

Rule 56(c), of the Federal Rules of Civil Procedure provides that:

> [Summary] Judgment . . . shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.

In evaluating whether a dispute about a material fact is "genuine," the court must determine whether "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 91 L.Ed.2d 202, 106 S. Ct. 2505, 2510 (1986). In an ordinary civil case, "the mere existence of a scintilla of evidence in support of the plaintiff's position will be insufficient; there must be evidence on which the jury could reasonably find for the plaintiff." *Id.* at 2512.

On a motion for summary judgment, "the evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 91 L.Ed.2d 202, 106 S. Ct. 2505, 2513. But although this Court must view the evidence in the light most favorable to the non-moving party, Rule 56 does not relieve the non-movant of all responsibility to rebut the motion. "The movant has the burden of showing that there is no genuine issue of fact, but the plaintiff is not thereby relieved of his own burden of producing in turn evidence that would support a jury verdict." *Anderson*, 106 S. Ct. at 2514. "[T]he plaintiff must present affirmative evidence in order to defeat a properly supported motion for summary judgment." *Id.*

II. The Claims

In Count I Plaintiff's charge Majestic with unfair competition. Specifically, the SWA alleges that Majestic's use of the trademark "Black Watch," together with the use of the regimental badge of the Black Watch Regiment, and a thistle (the national symbol of Scotland), deceptively implies that Majestic's gin, vodka and blended whiskey products are produced in Scotland, when in fact they are not. The Regiment, in Count I, alleges that Majestic's Black Watch label falsely implies that the Regiment is connected with, sponsors or approves of Majestic's products. Additionally, the Regiment contends that Majestic's use of its name and badge is likely to adversely affect the ability of the Regimental Trust to use and control its own name for commercial purposes.

The primary basis for Plaintiff's unfair competition claim stated in Count I is § 43(a) of the Lanham Act. Liability under § 43(a) exists when a person uses any word, term, symbol or name which is,

> "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship or approval of his or her goods, services, or commercial activities by another person.

For the SWA, Counts II and III, are appeals from an earlier opposition and cancelation action brought by the SWA against Majestic before the Trademark Trial and Appeal Board (the "Board"). The Regiment also initiated opposition and cancellation proceedings before the Board, but these proceedings were stayed when action in this Court was initiated. As to the Regiment, therefore, Counts II and III evidently constitute original

claims by the Regiment against Majestic. The ambiguity of Counts II and III with regard to the Regiment does not prevent the Court from deciding the pending motions. However, Plaintiffs are requested to clarify both the procedural and substantive nature of these counts as they pertain to the Regiment.

In what now constitutes Count II, Plaintiffs sought cancellation by the Board of Majestic's trademark registration for whisky based upon, *inter alia*, § 2(a) of the Lanham Act, 15 U.S.C. 1052(a). Section 2(a) bars registration of trademarks that consist of deceptive matter or matter "which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, . . . or bring them into contempt, or disrepute." *Id.* Section 2(a) has also been interpreted as affording a federal cause of action for privacy. *See infra.* In Count III, Plaintiffs petitioned the Board to deny Majestic's application for registration of the Black Watch trademark for its other Black Watch lines. The claims in Count III were based upon § 2(a) and § 2(e)(1) of the Lanham Act. Section 2(e)(1) prohibits registration of trademarks that are primarily geographically descriptive or deceptively misdescriptive. 15 U.S.C. 1052(e).

With the exception of Plaintiff's claims based upon false advertising and privacy, *infra*, the analytical inquiry applied to claims under § 2(a) and (e) is the same as that applied to the unfair competition claims in Count I: the likelihood of confusion test. *See* J.T. McCarthy, Trademarks and Unfair Competition, §§ 2:3, 19:26 and 20:06 (1973). For all practical purposes then, with perhaps the exception of the privacy or false advertising claims, the outcome of Counts II and III is dependant upon the Court's decision with regard to the likelihood of confusion in Count I. Simply stated, all of the Plain-

tiffs' claims, except possibly the Regiment's privacy and false advertising claims, can be resolved by answering a single question: Is Majestic's Black Watch trademark likely to cause confusion in an appreciable number of consumers as to place of origin or sponsorship of Black Watch products?

1. The Scotch Whisky Association's Claims

In brief, the SWA claims that Majestic's labels on its gin, vodka and blended whisky bottles are likely to confuse a consumer with regard to the national origin of the product. That is, the SWA claims that the labels falsely imply that the products are produced in Scotland.

In support of their motion for summary judgment against the SWA, Majestic in part relies on the Trademark Trial and Appeal Board decision below. Majestic contends, as it did before the Board, that the name Black Watch, the thistle and regimental badge are arbitrary, or at most geographically suggestive marks, but not geographically descriptive marks within the meaning of § 2 of the Lanham Act.[1] Because none of these terms or symbols describes a geographic location, Majestic argues that as a matter of law they cannot be misdescriptive or geographically deceptive. The Board agreed with this

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[1] Absent a showing of a secondary meaning, terms which are primarily geographically descriptive or deceptively misdescriptive are not protectable as trademarks and are unregisterable. 15 U.S.C. 1052(d). Marks which use geographic terms in an arbitrary fashion, or which are merely suggestive of geographic origin are, however, valid trademarks. *R.W. Eldridge Co. v. Southern Handkerchief Mfg. Co.*, 23 F. Supp. 179, 185 (W.D.S.C. 1938).

conclusion and dismissed the Plaintiff's case holding that, "[t]he mere fact that a mark is evocative or suggestive of a particular foreign country does not render the mark primarily geographically descriptive or deceptively misdescriptive. . . ." According to Majestic, if a term cannot be geographically deceptive within the meaning of § 2, (which was the Lanham Act provision relied upon in the Board proceedings) then it likewise cannot constitute a false designation of origin under § 43(a).

The SWA, may or may not be arguing that the Black Watch trademark is geographically descriptive. However, with or without the SWA's concurrence, the Court concludes, as did the Trademark Trial and Appeals Board, that it is not. At most, the trademark is suggestive, particularly when utilized for a bottle of scotch whisky prominently labelled as a product of Scotland.[2]

The SWA argues that even if a particular trademark is merely suggestive, it can still be geographically deceptive and thus violative of both § 2 and § 43(a) of the Lanham Act. The Court finds it unnecessary to decide (as a *per se* rule of law) whether a term that is not geographically descriptive can nonetheless be geographically deceptive. For, even if suggestive terms can be geographically deceptive, it is readily apparent from the Black Watch labels themselves that they are not evocative of Scottish origin. Having considered the evidence presented, the Court finds the SWA's national origin claims totally unconvincing and must grant summary judgment in favor of Majestic on this issue.[3]

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[2] Of course, Majestic's Scotch Whisky is in fact a product of Scotland.

[3] Whether Majestic's Black Watch label is likely to deceive consumers is a purely factual inquiry. Nonethe-

First, it is undisputed that the term "Black Watch" is not a place name descriptive of specific geographic origin, and that none of Majestic's "Black Watch" products in question contain any express reference or claim to Scottish origin. Nor is there evidence that Majestic has ever advertised the questioned products as being Scottish.

Not only is there an absence of any express reference Scottish origin on the Black Watch products, there are several designations printed on the Black Watch labels in issue that clearly indicate the product is manufactured somewhere other than Scotland. On each product label there is a designation of "BALTIMORE, MARYLAND" as the bottling location. The phrase, "PRODUCT OF THE USA" clearly appears on the Black Watch gin and vodka labels. The Black watch gin label describes the product as "DISTILLED LONDON DRY". In the ab-

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less, SWA's claim is ripe for summary judgment. As with all other issues in this case, this case has been exhaustively briefed and argued. The parties have conceded that were this claim to go to trial, they would have no additional evidence to present to the Court beyond that already submitted with their motions.

The SWA at oral argument stated that they would be willing to supplement their evidence with a yet-to-be-conducted consumer survey which they allege would demonstrate that the public makes a correlation between the Black Watch label and Scotland. Aside from what the Court believes is the futility of any such survey, if SWA wished to have a survey considered on summary judgment, they were obliged to submit this with their motion. Regardless, the evidence presently before the Court is quite adequate to resolve Plaintiff's claims against Majestic.

sence of any express allusions to Scotland, and in light of the several references on the labels that would indicate U.S. origin of the products, this court simply cannot find that any significant number of consumers would believe that Black Watch gin, vodka or blended whisky are produced in Scotland. This is not to mention that gin and vodka, unlike scotch whisky are not characteristically products of Scotland and seemingly are not products whose appeal would be enhanced if consumers believed that they were produced in Scotland.[4]

Defendants have demonstrated that the term "black watch" is frequently used in this country as a term to describe items which are not produced in Scotland. For instance, "black watch" is frequently used to describe a type of plaid, and as a trade name for cigars (produced in the Dominican Republic), computer tape, pipe tobacco, golf balls and other items. Plaintiff's own NEXIS search of periodicals reveals that there is a Canadian military regiment, not controlled by the Scottish regiment, that also goes by the name "The Black Watch." The frequency with which the term "black watch" is attached to items or things wholly unrelated to Scotland reinforces the Court's conclusion that consumers, upon seeing the name on Majestic's products, are unlikely to conclude that the geographic origin of the product is Scotland.

It is also significant that Plaintiffs cannot point to a single instance of actual consumer confusion regarding

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[4] The Court must also note great doubt as to whether any producer (much less one who sells scotch whisky) would even wish to mislead consumers into thinking that their vodka, gin or even blended whisky came from Scotland.

the products origin in the twenty five years that Majestic has used its Black Watch label. After 25 years and millions of dollars of sales it is likely that if an appreciable number of consumers were confused as to the national origin of Majestic's products the SWA should be able to produce at least some evidence of such misapprehension. As one court has held, "[a]fter the lapse of substantial time if no one appears to have been actually deceived that fact is strongly probative of the defense that there is no likelihood of deception." *Keebler Company v. Rovira Biscuit Corp.*, 624 F.2d 366, 377 (1st Cir. 1980).

The combined presence on the label of the regimental badge of the Black Watch and what is alleged to be a representation of a thistle doesn't suffice to create a genuine issue of material fact that an appreciable number of consumers would be confused into falsely believing that the Black Watch line originates in Scotland. As with the term "black watch," the thistle and the badge are simply not geographical places or locations. Beyond stating that the thistle is the national symbol of Scotland, the SWA has submitted no evidence that any significant number of consumers are aware of this fact, and even if they are, that upon seeing a thistle on a product they would tend to believe that it was produced in Scotland. Indeed, given the nature of the stylized thistle depicted on the Black Watch label, it is questionable whether one who understood the alleged significance of the thistle would interpret this particular design to be a thistle.

Likewise with the regimental badge. Majestic concedes that the badge depicted on its label is identical to the regimental badge of the Black Watch regiment. But SWA has presented no evidence that the Regiment has

made the presence of badge known in this country, or that the public upon seeing the badge would be confused as to the national origin of the product. Moreover, even if some small number of persons would recognize the significance of the badge or thistle, given the express references on the bottle indicating that Black Watch products are not produced in Scotland, it is inconceivable that the subtle presence of a thistle and Scottish army badge would lead consumers to believe that, in spite of express contrary statements on the label, the product was produced in Scotland. Upon the evidence submitted by the parties, which is all the evidence they intend to submit even were there a trial, this Court is not persuaded that an appreciable number of consumers would be confused as the national origin of Majestic's products. Therefore, as to the SWA claims, there is no genuine issue of material fact and the Defendant is entitled to summary judgment.

2. The Regiment's Claims

The Regiment and Majestic have filed cross-motions for summary judgment. The Court initially notes that the Defendants have raised a substantial question regarding the capacity of Colonel Watson (in his two alleged roles) to assert any claim with regard to the regimental name or insignia. The resolution of this matter will require evidence, presumably including the testimony of appropriate experts as to British and Scottish military institutions, trust law and other matters. The court will assume, but must note its doubt, that Colonel Watson is the proper person to bring this action with regard to the regimental name and insignia.

The Regiment, like the SWA, raises claims for cancellation and denial of Majestic's trademarks under § 2 of

the Lanham Act, and unfair competition claims under § 43 of the Lanham Act. The theory of the Regiment's claims, however, differs from the national origin claims brought by the SWA. It is the Regiment's contention that Majestic's use of the Black Watch trade dress constitutes unfair competition because it will cause consumers to falsely believe the Regiment approves of, sponsors, or is connected with, Black Watch liquors.

The Regiment also raises a common law trademark infringement claim. In this regard, the Regiment alleges that it has acquired trademark rights in its name and Badge through its band tours in the U.S. and sales of its recordings and programs. As senior user of the Black Watch trademark, the Regiment argues its rights are superior to Majestic's.

Trademark infringement is a species of unfair competition. "Trademark law gives the owner of a mark the right to preclude the use by a junior owner of a mark that causes or is likely to cause confusion, cause mistake or deceive an appreciable number of typical consumers into believing that some sponsorship, association, affiliation, connection, or endorsement exists between the owner of the senior mark and the owner of the junior mark." *Quality Inns International Inc. v. McDonald's Corp.*, 695 F.Supp. 198, 209 (D. Md. 1988). Thus, as with general unfair competition claims, the likelihood of confusion test is equally applicable to trademark infringement claims. *Id.*

To establish the possibility of likelihood of confusion in its trademark infringement claim the Regiment first must demonstrate that the badge and the name "Black Watch" have "secondary meaning;" in other words, that they are sufficiently distinctive that a consumer upon seeing the marks would believe them to be derived from

a single source of origin—in this case the Regiment. And second, the Regiment must establish that its rights to the Black Watch name and badge are sufficiently strong in the United States so that confusion is a likely result of the use of the term. As Judge Niemeyer observed in *Quality Inns*, likelihood of confusion and trademark strength are so interrelated that evidence of strength may be used to predict likelihood of confusion and vice versa. 695 F.Supp at 210.

The Fourth Circuit has directed district courts to weigh the following factors when determining the existence of likelihood of confusion in trademark infringement cases:

> (1) the strength or distinctiveness of the mark; (2) the similarity of the two marks; (3) the similarity of the goods or services which the marks identify; (4) the similarities of the facilities used by the parties in conducting their businesses; (5) the similarity of advertising used by the parties; (6) the defendant's intent; and (7) actual confusion.

Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1527 (4th Cir. 1984).

Application of these factors to the present case reveals that although the evidence presented to date strongly favors Majestic, there are genuine issues of material fact to be resolved. Thus, summary judgment in favor of either the Regiment or Majestic is inappropriate. Majestic argues that the Regiment's sporadic and limited use of its name in the U.S. and a multitude of third party uses of the term "black watch" precludes the possibility that an appreciable number of consumers would understand that term to signify the Regiment as the single source of products bearing the Black Watch name, and establishes that the mark is so weak that it no longer enjoys trademark protection. Against this, however,

there is evidence that the Regiment has conducted seven band tours in this country, the last as recently as 1989; that they have received royalties from record sales, and that they have been mentioned to one degree or another in numerous periodicals in this country. Also, the badge depicted on Majestic's product label is substantially identical to the official badge of the Regiment. Thus, while Defendant may argue with considerable force that the term "black watch" standing alone, is weak because it has been associated with a multitude of things other than the Regiment; this argument is less persuasive when both the name and the badge of the Regiment appear on Majestic's labels.

The Court agrees with the Defendant that the Regiment has no trademark right in the term "black watch" when that term is used alone, or without any reference to the Regiment.[5] However, the Court cannot say as a matter of law that the Regiment has relinquished its rights to its name when it is used in reference to the Regiment. The presence of the Regiment's badge over the name Black Watch in this case creates a question of fact as to whether consumers would believe the label referred to the Regiment.

Defendants argue that regardless of whether the badge is identical to the Regiment's it can have no

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[5] The Court also finds that common usage in the United States of the term "black watch" to refer to things unrelated to the Regiment, is conclusive of the fact that that term, when used alone, is unlikely to cause confusion among consumers as to the source or sponsorship of the product. Thus, use of the term "Black Watch" without a reference to the Regiment will not suffice to support a claim by the Regiment for unfair competition.

secondary meaning nor cause consumer confusion because it has never been displayed in this country. But as the Court held in *Interpace Corp. v. Lapp Inc.*, 721 F.2d 460, 463 (3d Cir. 1983), use of an identical mark is in itself evidence of likelihood of confusion.

Other factors noted by the Fourth Circuit—Majestic's intent and evidence of actual confusion may weigh in Majestic's favor, but these too involve factual issues that can not be decided on summary judgment. The Court's decision as to summary judgment on the Regiment's claims is not inconsistent with its disposition of the SWA's claim. The claims of the Regiment are stronger than SWA's insofar as the very badge of the Regiment is positioned on the bottle directly over their name and there is no evidence on the face of the label that would tend to negate the Regiment's claims. On these facts, the Court cannot state as a matter of law that an appreciable number of consumers would not be confused as to the source of the product. In view of the foregoing, the Court cannot hold that there is no genuine issue of material fact in dispute with regard to the Regiment's claims.

Furthermore, to avoid resolution of this case based solely upon application of the likelihood of confusion standard, the Regiment raises federal and state law privacy and false advertising claims that it contends are analyzed independently of the likelihood of confusion standard. Majestic disputes that any test other than the likelihood of confusion test is applicable to the Plaintiff's claims. Having concluded that the Regiments claims survive summary judgment applying the likelihood of confusion test, the Court can see no reason not to allow the Regiment to proceed with all of its claims. Although the Court will not now decide the issue, if Majestic is

correct and the likelihood of confusion test is the only analysis appropriate to this case, then summary judgment would be equally inapplicable to the privacy and false advertising claims. If the Regiment is correct and a test other than the likelihood of confusion test is applicable, summary judgment still could not be granted now as the Court finds that genuine factual disputes exist as to these claims.

The Court notes that Defendants have made an apparently strong showing on the issue of laches. However, the Court cannot find that no factual disputes exists as to the extent of the Regiment's awareness of Majestic's use of the Black Watch name and the Regiment's badge. Majestic has also raised the defense of abandonment or acquiescence. This defense " 'requires proof that the mark has lost all significance as an indication of origin' and is completely without signs of life.' " *Quality Inns* at 214, *quoting Sweetheart Plastics, Inc. v. Detroit Forming, Inc.*, 743 F.2d 1039, 1047-48 (4th Cir. 1984). Whether the Regiment has abandoned its mark is a factual question that cannot be decided on the present record.

The evidence submitted by Majestic to support the laches and abandonment defenses, although insufficient to support summary judgment, does however, persuade the Court that the equities in this case mandate that any remedy granted to the Regiment must be a limited one. Having found that the Regiment has no proprietary right in the name "black watch" when used without reference to the Regiment, the Court can at this time state that it is not inclined to enjoin Majestic from using that name provided it is used independently of any mention of the Regiment. Majestic has indicated that it may agree to discontinue use of the Regiment's badge

on its labels, to continue its practice of never referring to the Regiment and might consent to an injunction to this effect. Under these circumstances, if the only relief which this Court would grant to the Regiment will be consented to by the Defendant,[6] the Court cannot see why for all practical purposes plaintiff's claims are not mooted. The Court invites the parties to submit their views on this matter.

II. Majestic's Counterclaims

Majestic has brought counterclaims against the SWA and the Regiment for malicious prosecution and against the SWA for maintenance. The Plaintiffs and Majestic have filed cross motions for summary judgment on these claims. The counterclaims against the SWA will be addressed first.

According to Majestic, the SWA brought its suit even though it was aware that its claims regarding national origin were wholly unmeritorious and lacking in probable cause. Additionally, alleging that the plaintiffs have divergent interests in this litigation, Majestic contends that an agreement entered into between SWA and the Regiment, whereby the SWA agreed to pay the litigation expenses of the Regiment, constitutes the tort of maintenance.

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[6] The Court wishes to emphasize that it is not indicating that the Regiment is correct in it its assertions herein. To the contrary, the Court finds that the Regiment has barely avoided summary judgement. The Court is merely noting that the cost of litigation to obtain, at most, a remedy that the Defendant's will give voluntarily, may well be totally unnecessary.

Majestic's motion for summary judgment on its malicious prosecution counterclaim against the SWA must be denied, and summary judgment in favor of the SWA on this counterclaim must be granted. While the Court is absolutely sure that SWA is wrong on the merits of its counterclaim, it cannot find that the SWA's claim was frivolous and unfounded.[7] Moreover, there is a genuine factual dispute as to whether Majestic has incurred special damages as a result of this suit—a required element of a malicious prosecution claim in Maryland. *Herring v. Citizens Bank & Trust Company*, 21 Md. App. 517, 538-39, 321 A.2d 182, 194 (1974). Majestic relies on evidence of a steady decline in sales of the Black Watch product from 1983 to 1987 to demonstrate that this suit has detrimentally affected their business. However, the fact that the SWA did not begin proceedings against Majestic until 1986 supports SWA's contention that the sales decline is reflective of the general decline in market for distilled spirits in the 1980's. Majestic contends that it was compelled to refrain from marketing the product because uncertainty as to the outcome of this suit placed a cloud over the Black Watch brand. The Court finds Majestic's evidence insufficient to show that the decision to refrain from marketing the brand is anything more than self imposed.

Majestic's Motion for Summary Judgment on its maintenance claim must also be denied and the SWA's Motion for Summary Judgment on this claim must be granted. Admittedly, the interests of the plaintiffs in this

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[7] It is questionable, notwithstanding the issue of probable cause, whether Majestic's malicious prosecution claim is ripe. The litigation upon which the claim is based has yet to be finally terminated.

case are not identical, but in no way are the SWA's interests in this litigation mutually exclusive of the Regiment's. Both plaintiffs share the common goal of preventing Majestic from selling products with the Black Watch label as presently constituted. Merely because the Regiment seeks to enjoin the use of its name and badge on all the Black Watch brands, while the SWA seeks to enjoin its use on *all* Black Watch brands except the scotch, does not demonstrate a divergence of interest sufficient to support a claim for maintenance. Besides, while the SWA does not object to the use of the term "Black Watch" on scotch, it is doubtful that it would be concerned if the name were removed from the scotch product as well. This is not a case where one plaintiff who clearly has no interest upon which to sue, sponsors another party who does. Both plaintiffs in this case, independently, have closely aligned, even if not identical interests in preventing Majestic from continuing sales under the Black Watch label.

Majestic and the Regiment have filed cross motions for summary judgment on the malicious prosecution counterclaims. The motions of both parties must be denied. To establish an absence of probable cause on the part of the Regiment, Majestic relies in large part on the agreement between Seagram and the Regiment wherein the Regiment agreed to allow Seagram to use the term "black watch" on its scotch products. This agreement, according to Majestic, constitutes an admission on the part of the Regiment that they had no right to prevent persons from using that term on alcoholic beverages.

The Court does not agree with Majestic's interpretation of the Regiment's agreement with Seagram. There is at least some evidence before the Court that the agreement was given for consideration—not gratuitously.

Rather than an admission of an absence of rights in the black watch name, an agreement for consideration would evidence the Regiment's belief that it did have a protectable interest in its name and is consistent with their alleged contention that they had probable cause to sue. In any event, the subject of the agreement related to Seagram's right to use only the term "Black Watch." The agreement did not address the rights of the parties to use the Regiment's badge. Thus, however the agreement is interpreted with regard to use of the term "Black Watch," it cannot be construed as an admission by the Regiment that they had no right to prevent the use of their badge.[8]

The extent of the Regiment's awareness of the widespread use in the United States of the term "Black Watch" as a generic word to describe a type of plaid, their alleged failure to object to its use on a number of other trade products, and their inability to point to an instance of actual confusion on the part of consumers, are indeed, as Majestic contends, relevant to whether the Regiment had probable cause to sue. But these are inherently factual questions which cannot be decided on summary judgment.

The Court's inability to find that Majestic is entitled to summary judgment against the Regiment should not be taken as a determination that, ultimately, the Regiment may not be found liable for malicious prosecution. The issue of the Regiment's liability for malicious prosecu-

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[8] The Court finds evidence that Colonel Arbuthnott admitted that the Regiment had no right to prevent Seagram's use of the name to be inconsistent with the Regiment's subsequent entry into an agreement with Seagram, and thus not definitive on this point.

tion simply involves genuine issues of material fact that can not be resolved on the present record. The Court further notes that, although the SWA is not liable for malicious prosection on its own claims against the Majestic, if the Regiment is eventually found liable for malicious prosecution, the SWA may be held liable for promoting an unfounded suit.

For the foregoing reasons:

1. Defendant's Motion for Summary Judgment against the SWA is hereby **GRANTED.**

2. Defendant's Motion for Summary Judgment against the claims of the Regiment is hereby **DENIED.**

3. The Regiment's Motion for Summary Judgment on its claims against Defendant is hereby **DENIED.**

4. Defendant's Motion for Summary Judgment against the SWA and the Regiment on its counterclaims is hereby **DENIED.**

5. The SWA's Motion for Summary Judgment on the Defendant's Counterclaims against the SWA is hereby **GRANTED.**

6. The Regiment's Motion for Summary Judgment on Defendant's counterclaims against the Regiment is hereby **DENIED.**

SO ORDERED this 20th day of December, 1990.

/s/

Marvin J. Garbis
United States District Judge

BAC/Jones

United States Department of Commerce
Patent and Trademark Office
Assistant Secretary and Commissioner
of Patents and Trademarks
Washington, D.C. 20231

Opposition No. 74,649

The Scotch Whisky
Association

v.

Majestic Distilling
Company, Inc. dba,
Monumental Distilling Co.

Mailed
Sep 03 1987
Pat. & T.M. Office

An application has been filed by Majestic Distilling Company, dba Monumental Distilling Co. to register the mark BLACK WATCH for whiskey, vodka, and gin.[1]

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[1] Application Serial No. 570,221, filed November 25, 1985, reciting use dates of May 5, 1964. Applicant claims ownership of Reg. No. 801,466 issued January 4, 1966 for the mark BLACK WATCH for whisky, Section 8 accepted, Section 15 filed, renewed. This registration is the subject of Cancellation No. 15,678-The Scotch Whisky Association, and The Black Watch, the Royal Highland Regiment v. Majestic Distilling Company, Inc., dba Monumental Distilling Co.

Registration has been opposed by The Scotch Whisky Association, a limited liability company organized under the laws of the United Kingdom, which alleges that it is an association of whisky distillers and merchants in Scotland and the United Kingdom organized and existing for the purposes of promoting the interests of and trade in whisky produced in Scotland with each of its members being engaged in the business of distilling or marketing Scotch whisky, many of them marketing in the United States as well as in many other countries; that whisky produced in Scotland enjoys a substantial prestige and salability and is considered a quality product throughout much of the world including the United States; and said whisky is recognized and known in the United States as Scotch whisky; that the whiskies produced by the distillers represented by opposer and sold in the United States have been widely known to be products of, and to have originated from Scotland; that applicant is using the mark BLACK WATCH for whisky, vodka, and gin not produced in Scotland thereby falsely implying and deceptively implying and suggesting that the products sold under said mark are produced in and have geographic origin in Scotland; that applicant's mark, when used on its goods not produced in Scotland, is deceptively misdescriptive of the geographical origin of applicant's products under Section 2(e)(2) of the Trademark Act; that applicant's use of its mark, BLACK WATCH, for whisky, vodka, and gin not produced in Scotland damages opposer and its members, in that persons are likely to mistakenly and falsely believe that said products were produced in Scotland, and said mistaken and false belief is likely to affect adversely the reputation and sale of whisky produced in Scotland; and that applicant's mark, when used on its goods not produced in Scotland, constitutes a false designation of

geographic origin and misleads the public as to the nature and characteristics of said goods in violation of Articles 10 and 10bis of the Paris Convention as implemented by Sections 44(b) and (h) of the Trademark Act.

Applicant, in its answer, has admitted that Scotch whisky "enjoys a degree, although declining, of popularity and salability and is recognized and known in the United States"; that since May 5, 1964 applicant has continuously used the mark BLACK WATCH on whisky distilled in Scotland and bottled in the United States; that since February 25, 1971 applicant has continuously used the mark on whisky distilled and bottled in the United States; that since March 3, 1969 applicant has continuously used the mark on gin distilled and bottled in the United States; and that since April 20, 1977 applicant has continuously used the mark on vodka distilled and bottled in the United States. Applicant otherwise denied the salient allegations of the notice of opposition. Additionally, applicant raised the affirmative defenses of laches, acquiescence, and estoppel; that opposer cannot be damaged in view of applicant's previous Registration No. 801,466 for the same mark for whisky; and that applicant is aware of no instances of actual confusion or deception of anyone regarding the mark BLACK WATCH and therefore the mark is not deceptive under Section 2(a) of the Trademark Act, is not likely to cause confusion under Section 2(e) of said Act,[2] and is

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[2] Section 2(e) refers to descriptive, geographical, and surname marks. Section 2(d) refers to likelihood of confusion. The Board presumes applicant intended to refer to Section 2(d).

not a violation of any treaty or convention as implemented by Section 44 of the Trademark Act.

This case now comes up on applicant's "motion to dismiss and for judgment on the pleadings".[3]

In support of its motion[4] applicant argues that opposer's pleading refers to applicant's mark as suggestive and, as a suggestive term, it is registrable and cannot be primarily geographically descriptive or misdescriptive; that opposer's Section 2(e)(2) claim is insufficient because it does not include an allegation that the mark BLACK WATCH is or contains a geographical term and an allegation that the term is "primarily" geographically descriptive or deceptively misdescriptive; that in fact the mark is not a geographical term; that the Board has held that the fact that a term may have a foreign connotation does not render the mark geographically descriptive or misdescriptive; that opposer's Section 2(a) deceptive claim is insufficient under the law because the notice of opposition fails to include allegations relating to the geographical nature of the mark [similar to the Section 2(e)(2) requirements] as well as the element of

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[3] The parties are advised that applicant's motion is, in essence, a motion to dismiss under Rule 12(b)(6), FRCP, and will be so treated by the Board. Applicant makes no specific or general arguments relative to Rule 12(c), FRCP, judgment on the pleadings. Rather, applicant argues that the notice of opposition fails to state a claim upon which relief can be granted. [Rule 12(b)(6), FRCP].

[4] Applicant is requested to note that the correct number of this proceeding is Opposition No. 74,649. Henceforth, applicant should take care to use the correct number on papers related to this case.

materiality of the misrepresentation in affecting the decision to purchase the goods; that Articles 10 and 10bis of the Paris Convention are not among the statutory grounds to oppose enumerated in Section 2 of The Trademark Act, and therefore cannot constitute a ground to oppose; and that in any event opposer's Article 10 claim is subsumed in opposer's grounds under Sections 2(a) and 2(e)(2) of the Trademark Act, and thus fails to state a claim.

Opposer, in contesting applicant's motion,[5] argues, inter alia, that it has sufficiently pleaded the three elements of a Section 2(e)(2) geographical claim and the fact that BLACK WATCH is not the name of a specific geographic location is not fatal to the pleadings as a mark may be refused registration if the use thereof causes the public to believe that the products come from a geographic locality other than their actual geographic origin (the test being whether the mark conveys geographic information to the public); that opposer has sufficiently pleaded the three elements of a Section 2(a) deceptive claim; that the meaning of the mark to the public is the key factor, not whether a term is or is not a geographic place name; and that Articles 10 and 10bis of

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[5] Opposer asserts, in footnote 2 on page 2 of its brief opposing applicant's motion, that said motion should perhaps be considered a motion for summary judgment under Rule 56, FRCP. We disagree. Applicant's motion will be treated by the Board as one for dismissal under Rule 12(b)(6), FRCP, and no matters outside the pleadings have been considered in reaching the decision herein, including the declaration of Charles R. Mandly, Jr., opposer's counsel, submitted with opposer's brief on the motion.

the Paris Convention are misconstrued by applicant as the law allows a member national to assert claims for relief under the Paris Convention as implemented by Section 44 of the Trademark Act. Opposer requested that if the pleading is found to be deficient that opposer be granted leave to amend the pleading.

Applicant filed a reply brief.

In a motion to dismiss under 12(b)(6), FRCP, all well pleaded facts must be taken as true and all reasonable inferences and legal conclusions must be construed as favorable to the plaintiff. See Selva & Sons, Inc. v. Nina Footwear, Inc., 705 F.2d 1316, 217 USPQ 641, 644 (Fed Cir. 1983). See also *Trademark Protection and Practice*, Gilson, § 3.05(2)(c)(ii). Dismissal will be granted only if it appears that the plaintiff is entitled to no relief under any set of facts which could be proved in support of its claim. See Stanspec Co. v. American Chain & Cable Co., Inc., 531 F.2d 563, 189 USPQ 420 (CCPA 1976). See also *Moore's Federal Practice*, Vol. 2A, Section 12.07 [2.-5].

In order to withstand applicant's motion to dismiss for failure to state a claim upon which relief can be granted, opposer need only allege in the notice of opposition facts which would, if proved, establish that opposer has standing to challenge applicant's right to register its mark and has set forth a statutory ground for denying the registration sought. See Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1029, 213 USPQ 185 (CCPA 1982).

I. Paris Convention (Article 10 and 10bis).

The Board agrees with applicant's reasoning that Articles 10 and 10bis of the Paris Convention for the Protection of Industrial Property do not afford opposer a direct

cause of action. Basic to international law is the principle that personal rights derived from conventions and treaties cannot be asserted unless implemented at the domestic level, either by national legislation or self-implementation. Article 25(1), which provides that "[a]ny country party to this convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention," indicates that the provisions of Articles 10 and 10bis regarding unfair competition must be implemented through national legislation. In this regard, applicant is correct in maintaining that these provisions are embodied in Section 2(a) and 2(e) of the Trademark Act, and do not constitute a separate ground for opposition. Thus, the requested dismissal of this claim is granted.

II. Geographical Deceptiveness [Section 2(a)] and Geographical Misdescriptiveness [Section 2(e)(2)].

To maintain a claim of geographical deceptiveness grounded in Section 2(a), facts must be alleged which, if proved, would establish that the mark BLACK WATCH is geographically misdescriptive as applied to whisky, that purchasers will believe the misrepresentation, and that the misrepresentation is a material factor in the decision to purchase. See In re House of Windsor, Inc., 221 USPQ 53, at 56 (TTAB 1983); and In re Quady Winery, Inc., 221 USPQ 1213 (TTAB 1984). To maintain a claim of geographical misdescriptiveness grounded in Section 2(e)(2), facts must be alleged which, if proved, would establish that the mark BLACK WATCH is the name of a generally known geographic place, and that the public would be likely to believe that the goods originate in that place. In re Loew's Theaters, Inc., 769 F.2d 764, 226 USQ 865 (Fed. Cir. 1985). Opposer has

alleged that whisky produced in Scotland enjoys substantial prestige and salability,[6] thus making its geographical source a material factor in its purchase, but that applicant's whisky is not produced there.[7] Opposer has not alleged, however, that the phrase BLACK WATCH is a geographical designation and it appears that the mark's geographic significance is limited to the fact that it is suggestive of Scotland.

The mere fact that a mark is evocative, or suggestive, of a particular foreign country, however, does not render the mark either primarily geographically descriptive or deceptively misdescriptive under Section 2(e)(2), or geographically deceptive under Section 2(a). See National Lead Co. v. Wolfe, 223 F.2d 195, 105 USPQ 462 (9th Cir. 1955), *cert. denied*, 350 U.S. 883, 107 USPQ 362 (1955) (DUTCH BOY for paint); and Hyde Park Clothes, Inc. v. Hyde Park Fashions, Inc. 93 U.S.P.Q. 250 (S.D.N.Y. 1951), *aff'd*, 204 F.2d 223, 97 U.S.P.Q. 246 (2d Cir. 1953), *cert. denied*, 346 U.S. 827, 99 USPQ 491 (1953) (HYDE PARK for men's suits). Opposer submitted no argument that the phrase BLACK WATCH is more than suggestive of Scotland. Opposer instead, relies on the case of The Scotch Whisky Association v. Consolidated Distilled Products, Inc., 210 USPQ 640 (N.D. Ill. 1981), *rev'g* 204 USPQ 57 (TTAB 1979), which the Board declines to follow in light of the case law just cited and the standards set forth in the case of In re Nantucket, 677 F.2d 95, 213 USPQ 889 (CCPA 1982). Therefore, the claims of geographical deceptiveness and geographical descriptiveness are considered legally in-

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[6] Notice of Opposition at Paragraph 2.

[7] *Id*, at Paragraph 6.

sufficient as a matter of law, and thus, applicant's requested dismissal of both claims is granted.

Regarding opposer's request for leave to amend the pleading, in the record before us opposer has stated that the term BLACK WATCH is not a geographical place name.[8] Since a pleading that the involved term is a geographic designation is a necessary element to both a Section 2(a) deceptive claim and a Section 2(e)(2) claim, it would apparently be futile in this case to allow opposer leave to amend. Accordingly, opposer's request for leave to amend is denied.

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[8]Opposer's brief on the motion to dismiss at page 9, and again at page 10.

Applicant's motion to dismiss is granted, and the opposition is hereby dismissed.[9]

/s/
J. D. Sams

/s/
J. E. Rice

/s/
R. L. Simms
Members, Trademark
Trial and Appeal Board

[9]We note that applicant has not challenged opposer's standing herein. For the record we believe opposer has pleaded sufficient standing, i.e., facts sufficient to demonstrate a personal interest in the outcome of the case beyond that of the general public. See *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.*, ___ F.2d ___, 2 USPQ 2d 2021 (Fed. Cir. 1987).

GDH/MT/Kelley

United States Department of Commerce
Patent and Trademark Office
Assistant Secretary and Commissioner
of Patents and Trademarks
Washington, D.C. 20231

Cancellation No. 15,678

The Scotch Whisky Association;
and The Black Watch, The Royal
Highland Regiment

v.

Majestic Distilling Company, Inc.

Mailed
Sep 2 1987
Pat. & T.M. Office

This case comes before the Board upon registrant's motions, filed April 1, 1987, to dismiss the petition for cancellation as to each petitioner for lack of standing and for failure to state a claim and for judgment on the pleadings.[1] In their responsive brief, timely filed with a certificate of mailing dated May 18, 1987, petitioners,[2] the Scotch Whisky Association (hereinafter Scotch Whisky Association), a trade association, and The Black

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[1] Registrant's request therein to suspend proceedings pending disposition of the motions is considered moot since the Board, in accordance with its practice under Trademark Rule 2.127(d), so suspended proceedings in this case on May 4, 1987.

[2] Petitioners' consented motion, filed April 23, 1987, for an enlargement of time until May 18, 1987, in which to respond is granted.

Watch, The Royal Highland Regiment (hereinafter Royal Highland Regiment), a regiment of the Scottish Division of the Royal Army of the United Kingdom, argue that their petition does in fact assert claims and specific allegations upon which cancellation of Registration No. 801,446, issued January 4, 1966, and renewed, for the mark "BLACK WATCH" for "whisky," can be granted.

We turn first to the motion to dismiss. In considering a motion to dismiss under Fed. R. Civ. P. 12(b)(6), all material allegations in the petition to cancel are accepted as true and construed in favor of the petitioners. *See* Selva & Sons, Inc. v. Nina Footwear, Inc., 705 F.2d 1316, 1320, 217 USPQ 641, 644 (Fed. Cir. 1983). Registrant argues that, even in this light, petitioners Scotch Whisky Association and Royal Highland Regiment do not have standing to bring the petition to cancel because they cannot be damaged by the registration. In addition, registrant argues that neither petitioner has alleged the facts necessary to establish the asserted grounds for cancellation: false suggestion of a connection with The Royal Highland Regiment and geographical deceptiveness under 15 U.S.C. 1052(a); and misrepresentation of source under 15 U.S.C. 1064(c). Registrant also argues that Articles 10 and 10bis of the Paris Convention for the Protection of Industrial Property are not grounds available to support a petition for cancellation.

Grounds for Cancellation

For reasons that will become clear, the Board will first consider the question of whether the pleadings allege proper grounds for cancellation.

A registration which is over five years old may be canceled only upon one or more of the grounds afforded

by 15 U.S.C. 1054(c) and (e). As provided in relevant part by 15 U.S.C. 1064(c):

> A petition to cancel a registration of a mark ... may ... be filed ... at any time if ... its registration was obtained fraudulently or contrary to the provisions ... of subsection (a), (b), or (c) of Section 2 of this Act ... or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services in connection with which the mark is used.

Petitioners rely upon misrepresentation under Section 14(c), and geographical deceptiveness and false suggestion of a connection with a person or institution under Section 2(a) as grounds for this cancellation.

Misrepresentation of Source

The Board has held that the phrase "misrepresentation of source," as used in Section 14(c), refers not to misrepresentation of geographic source but rather to "situations where it is deliberately misrepresented by or with the consent of the registrant that goods and/or services originate from a manufacturer or other entity when in fact the goods and/or services originate from another party." *See* Paul Sullivan Tennis Sportswear, Inc. v. Balth Blicke's Wwe, 213 USPQ 390, 392 (TTAB 1982). In view thereof, and since it is clear that petitioners' pleading of misrepresentation of source refers to geographic source, said pleading does not set forth a ground for cancellation under Section 14(c). Accordingly, the pleading of misrepresentation of source, being legally insufficient as a matter of law, is hereby stricken.

False Suggestion of Connection

To be maintained in the face of a motion to dismiss, a claim of false association with a person or institution under Section 2(a) must be supported by allegations that the defendant's mark is the same or an approximation of plaintiff's previously used name or identity, that it would be recognized as such, that plaintiff is not connected with defendant's activities under the mark, and that plaintiff's name or identity is of such fame or repute the defendant's use of the mark on goods or services would be presumed. Springs Industries, Inc. v. Bumblebee Di Stefano Ottina & C.S.A.S., 222 USPQ 512, 515, (TTAB 1984). The petition to cancel alleges, among other things, that The Royal Highland Regiment of the United Kingdom's Royal Army is known as The Black Watch, a name which its predecessor began using in 1725.[3] Since that time, The Black Watch has been reputed for its military prowess,[4] to the extent that the defendant's use of the mark BLACK WATCH for whisky[5] would lead individuals to presume it was somehow sponsored or associated with the regiment.[6] Thus, when all material allegations are accepted as true and the petition for cancellation is construed in plaintiffs' favor, facts have been pleaded for asserting a claim for which relief can be granted under Section 2(a). The requested dismissal of this claim is consequently denied.

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[3] Petition to cancel, at ¶2.

[4] *Id.*

[5] *Id.*, at ¶6.

[6] *Id.*, at ¶13.

Paris Convention

The Board agrees with registrant's reasoning that Articles 10 and 10bis of the Paris Convention for the Protection of Industrial Property do not afford petitioner Scotch Whisky Association a direct cause of action. Basic to international law is the principle that personal rights derived from conventions and treaties cannot be asserted unless implemented at the domestic level, either by national legislation or self-implementation. Article 25(1), which provides that "[a]ny country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention," indicates that the provision of Articles 10 and 10bis regarding unfair competition must be implemented through national legislation. In this regard, registrant is correct in maintaining that these provisions are embodied in Section 2(a) and 14 of the Lanham Act, and do not constitute a separate ground for cancellation. Thus, the requested dismissal of petitioner Scotch Whisky Association's claim under Articles 10 and 10bis of the Paris Convention is granted.

Geographical Deceptiveness

To maintain a claim of geographical deceptiveness grounded in Section 2(a), facts must be alleged which, if proved, would establish that the mark BLACK WATCH is geographically misdescriptive as applied to registrant's whisky, that purchasers will believe the misrepresentation, and that the misrepresentation is a material factor in the decision to purchase. In re House of Windsor, Inc., 221 USPQ 53, 56 (TTAB 1983). Petitioners have alleged that whisky produced in Scotland enjoys sub-

stantial prestige and salability,[7] thus making its geographical source a material factor in its purchase, but that registrant's whisky is not produced there.[8] Petitioners have not alleged, however, that the phrase BLACK WATCH is a geographical designation, and it appears that the mark's geographic significance is limited to the fact that it is suggestive of Scotland.

The mere fact that a mark is evocative, or suggestive, of a particular foreign country does not render the mark primarily geographically descriptive or deceptively misdescriptive under Section 2(e)(2). *See* National Lead Co. v. Wolfe, 223 F.2d 195, 105 USPQ 462 (9th Cir. 1955), *cert. denied*, 350 U.S. 883, 107 USPQ 362 (1955) (DUTCH BOY for paint); and Hyde Park Clothes, Inc. v. Hyde Park Fashions, Inc., 93 USPQ 250 (S.D.N.Y. 1951), *aff'd*, 204 F.2d 223, 97 USPQ 246 (2d Cir. 1953), *cert. denied*, 346 U.S. 827, 99 USPQ 491 (1953) (HYDE PARK for men's suits). Neither petitioner has submitted any argument that the phrase BLACK WATCH is more than evocative of Scotland. Petitioners, instead, rely on The Scotch Whisky Association v. Consolidated Distilled Products, Inc., 210 USPQ 640 (N.D. Ill. 1981), *rev'g* 204 USPQ 57 (TTAB 1979), which the board declines to follow in light of the case law just cited and the standards set forth in the case of In re Nantucket, 677 F.2d 95, 213 USPQ 889 (CCPA 1982). Therefore, the claim of geographical deceptiveness is considered legally insufficient as a matter of law and, thus, registrant's requested dismissal of it is granted.

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[7] *Id.*, at ¶3.

[8] *Id.*, at ¶7.

Standing

Regarding registrant's requests to dismiss for lack of standing, the Board refers to the most recent opinion on standing by the Board's reviewing court, Jewelers Vigilance Committee, Inc. v. Ullenberg Corp., _____ F.2d _____, 2 USPQ 2d 2021 (Fed. Cir. 1987). The Court held that a petitioner's standing to cancel is derived from the belief that it will be damaged by the principal register registration of a mark under 15 U.S.C. 1064 and that, in the pleading stage of the proceeding, the petitioner need only plead facts sufficient to demonstrate a personal interest in the outcome of the case beyond that of the general public. Once standing is established, the petitioner may rely on any of the grounds set forth in 15 U.S.C. 1052 that negate registrant's right to registration. *Id.*, at 2023.

Petitioner, Royal Highland Regiment, has alleged that respondent's use on whiskey of the phrase BLACK WATCH, by which petitioner has been known for nearly three hundred years, is likely to cause persons to mistakenly believe that said whisky is sponsored or approved by or connected with petitioner; that said belief is likely to affect petitioner's reputation adversely; and that respondent's said use is likely to affect adversely petitioner's ability to use and control the commercial use of its name. These allegations clearly indicate the Royal Highland Regiment's personal interest in the outcome of this case. Thus, registrant's request to dismiss for lack of standing is denied. What troubles the Board, however, is whether the Royal Highland Regiment, as a subdivision of the Royal Army of the United Kingdom, has the capacity to bring suit in its own behalf, and hence is a "person" within the meaning

of the Trademark Act of 1946.[9] It seems more likely that the Royal Highland Regiment is not an independent legal entity, and that this proceeding should be brought by the Royal Army itself, rather than by one of its constituent parts. *See, e.g.*, U.S. Navy v. United States Mfg. Co., 2 USPQ 2d 1254 (TTAB 1987), in which the U.S. Navy brought an opposition on behalf of its constituent body, the U.S. Marine Corps. Therefore, if the Royal Highland Regiment is not in fact a "person" capable of suing and being sued, the petition should be amended to set forth the proper party plaintiff.

Turning now to the other petitioner, Scotch Whisky Association, it is noted that a trade association may maintain a cancellation proceeding if it has a real interest in the outcome, and that allegations that it possesses an interest in using the mark are unnecessary. Jewelers Vigilance Committee, Inc. v. Ullenberg Corp., *supra* at 2024, and cases cited therein. Whether the Scotch Whisky Association possesses standing is no longer germane and need not be considered by the Board, however, because the only grounds for cancellation pleaded by such party, specifically, that of the geographic deceptiveness of "BLACK WATCH" under Sec-

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[9] In this regard, it should be noted that Sections 14 and 24 of the Act, 15 U.S.C. 1064 and 1092, provide in part that a petition to cancel a registration of a mark may be filed by any *person* who believes that he is or will be damaged by the registration, while Section 45, 15 U.S.C. 1127, provides in part that the term "person" includes a juristic as well as a natural person, and that the term "juristic person" includes "a firm, corporation, union, association or other organization capable of suing and being sued in a court of law".

tion 2(a) and of misrepresentation of source, are insufficient as a matter of law. Therefore, as to petitioner Scotch Whisky Association, the petition for cancellation must be dismissed.

Motion for Judgment on the Pleadings

In seeking judgment in its favor on the pleadings, registrant raises against petitioner Royal Highland Regiment the equitable defense of laches, maintaining that petitioner has waited over twenty years from the date the involved registration was issued to assert its claim. A defense of laches must be grounded on inexcusable delay and the prejudice that results to the respondent in asserting the claim at this time. The Board has held that the laches defense may not be asserted against certain claims (e.g., genericness) for reasons of public policy. Royal Highland Regiment's claim of false suggestion of a connection is more analogous to a likelihood of confusion claim (against which the laches defense may ordinarily be asserted), in the sense of being essentially personal to the party asserting it, than to a claim that has broader public policy implications, like a claim of genericness. Thus, we hold that the laches defense may be asserted against a claim of false suggestion under Section 2(a).

However, it should be noted that where laches is available as a defense, judgment on this issue cannot be granted within the context of a motion for judgment on the pleadings. Such a motion, to be granted, must be sustained by the facts undisputed by the pleading; a defendant may not obtain judgment based on allegations in his answer for which no reply is required, because they are considered denied under Fed. R. Civ. P.

8(d). *See* 2A J. Moore & J. Lucas, Moore's Federal Practice ¶ 12.15 (2d ed. 1985) at 12-106 to 12-107.

Conclusion

In summary, registrant's motion for judgment on the pleadings is denied. Registrant's motion to dismiss is granted to the extent that the petition of Scotch Whisky Association is dismissed for failure to state a claim upon which such party can be granted relief; and the claims based on geographic deceptiveness, misrepresentation of source, Articles 10 and 10bis of the Paris Convention are stricken. Further, petitioner Royal Highland Regiment is allowed until thirty days from the mailing date of this order in which to submit, if necessary, an amended petition properly identifying the party plaintiff herein.

/s/
J. D. Sams

/s/
J. E. Rice

/s/
R. L. Simms
Members, Trademark
Trial and Appeal Board

[United States Court Of Appeals For
The Fourth Circuit]
[Filed March 31, 1992]
[Nos. 91-2348; 91-2359; 91-2360]
CA88-808-MJG

THE SCOTCH WHISKY ASSOCIATION
Plaintiff-Appellant

and

ANDREW LINTON WATSON, as Colonel of the Regiment, and as Chairman of the Regimental Trustees of the Regimental Trust Fund of the Black Watch, The Royal Highland Regiment
Plaintiff

v.

MAJESTIC DISTILLING COMPANY, INCORPORATED, d/b/a
Monumental Distilling Company
Defendant-Appellee

On Petition for Rehearing with Suggestion for Rehearing in Banc

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Appellants filed a petition for rehearing with suggestion for rehearing in banc. No member of the Court requested a poll on the suggestion for rehearing in banc, and the original judicial panel voted to deny the petition for rehearing.

The Court denies the petition for rehearing with suggestion for rehearing in banc.

Entered at the direction of Judge Sprouse, with the concurrence of Judge Murnaghan and Judge Butzner.

For the Court,

/s/ JOHN M. GREACEN
CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

SCOTCH WHISKY ASSOCIATION; and MAJOR GENERAL ANDREW LINTON WATSON, C.B., COLONEL OF THE REGIMENT, AS CHAIRMAN OF THE REGIMENTAL TRUSTEES OF THE REGIMENTAL TRUST FUND OF THE BLACK WATCH, THE ROYAL HIGHLAND REGIMENT *Plaintiffs,* V. **MAJESTIC DISTILLING COMPANY, INC., d/b/a MONUMENTAL DISTILLING COMPANY,** *Defendant.*	**Civil Action No. MJG-88-808**

JUDGMENT UNDER RULE 54(b)

By separate Order issued December 20, 1990, this Court granted summary judgement in favor of Defendant Majestic Distilling Company against the Scotch Whisky Association as to the Association's claims against Majestic; and also granted summary judgement in favor of the Scotch Whisky Association on the Defendant's counterclaims. The Court, finding that there is no just reason for delay, hereby directs that a final judgment be entered as follows pursuant to Rule 54(b) of the Federal Rules of Civil Procedure:

1. Judgment shall be, and hereby is, entered in favor of Defendant Majestic Distilling Company against the Scotch Whisky Association on the Association's claims, with costs.

2. Judgment shall be, and hereby is, entered in favor of the Scotch Whisky Association on the counterclaims against the Association without costs.

SO ORDERED THIS 13th DAY OF February , 1991

/s/

Marvin J. Garbis
United States District Judge

TREATIES, STATUTES, RULES AND REGULATIONS INVOLVED

International Convention for the Protection of Industrial Property of 1883 (Paris)

Article 2 (1):

> Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. . . .

Article 10 (1):

> The [remedy] provisions of . . . Article [9] shall apply in cases of direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer, or merchant.

Article 10*bis*:

> (1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.
>
> (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.
>
> (3) The following in particular shall be prohibited:
>
> 1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
>
> 2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods,

or the industrial or commercial activities, of a competitor;

3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

The Trademark Act of 1946, 15 U.S.C. § 1051, *et seq.*

Section 35(a), 15 U.S.C. § 1117(a):

> . . . The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Section 43(a), 15 U.S.C. § 1125(a)

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Section 44(b), 15 U.S.C. § 1126(b):

> Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act.

Section 44(h), 15 U.S.C. § 1126(h):

> Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Section 44(i), 15 U.S.C. § 1126(i):

> Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.

Section 45, 15 U.S.C. § 1127:

> *Intent of Act* The intent of this Act is to . . . provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

The Patent Act

35 U.S.C. § 285:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Federal Rules of Civil Procedure

Rule 56(c):

> . . . The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. . . .

Code of Federal Regulations

27 C.F.R. § 5.22(k)(4):

> Standards of identity for the several classes and types of distilled spirits set forth in this section shall be as follows . . .:
>
> * * *
>
> The words "Scotch", "Scots", "Highland", or "Highlands" and similar words connoting, indicating, or commonly associated with Scotland, shall not be used to designate any product not wholly produced in Scotland.

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Regimental Badge of The
Black Watch, The Royal Highland Regiment

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BLACK WATCH Scotch Whisky Label

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BLACK WATCH Deluxe Blended
Whiskey Label

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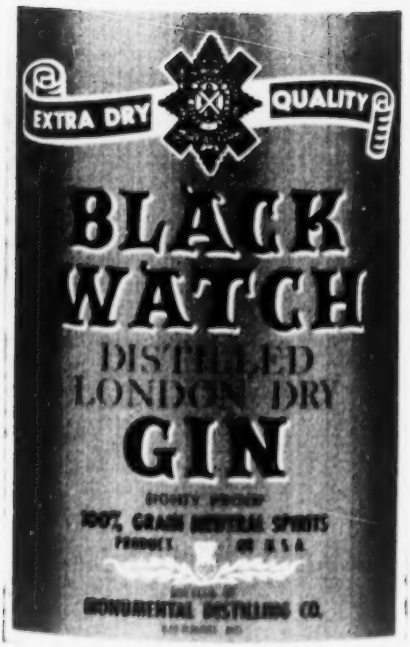

BLACK WATCH Gin Label*

*Reproduced from photograph, smaller than actual size.

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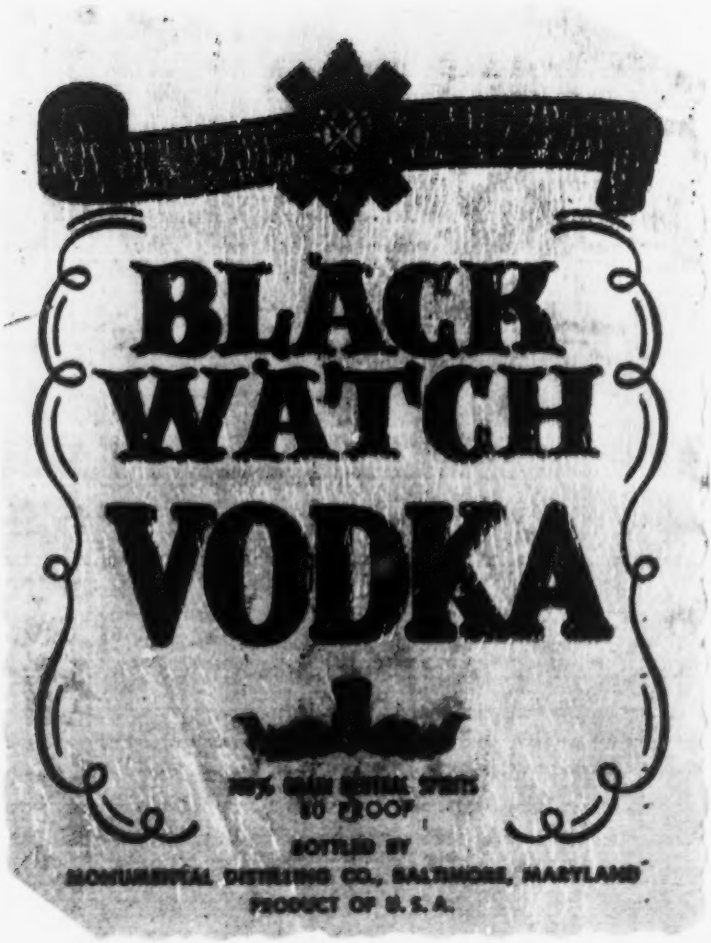

BLACK WATCH Vodka Label